World News Israeli ruling coalition near collapse over **peace talks**

Israel's Government partners, Likud and Labour, are near to breaking up their coalition after failing to approve US pro-posals for Israeli-Palestinian.

gotiations. When Premier Yitzhak Shamir again refused to put to a vote the US formula on talks without attaching condi-tions, Labour leader Shimon Peres and five colleagues walked out of a 12-man inner cabinet meeting. Page 16

Ayiwin sworn in Patricio Aylwin was sworn in for a four-year term as Chile's first elected president ifter more than 16 years of right-wing military rule under Gen Angusto Pinochet, who lost a plebiscite last October. Page 5, Observer, Page 14

Thatcher under fire UK ministers continued to try and calm Conservative party herves, damp speculation about Mrs Margaret Thatcher's leadership and to quash talk of any challenge to her poston any channel to her posi-tion following suggestions that a number of Tory MPs want her to step down before the next general election. Page

Romanian protests Anti-government protesters emanding the removal of all Communist and secret police influence in Romania demonstrated in Bucharest and two provincial cities. Page 2

Swedish Industry The Swedish Government has unveiled a strategy promising more active state intervention in industrial restructuring through a state holding com-pany to include Sweden's seven publicly owned indus-

trial enterprises. Page 4 rese armosty Sudan's military junta has released 21 trade union offi-cials from detention and said all political prisoners except those facing corruption charges would be freed soon.

The Arab League is to move its headquarters back to Cairo. It moved to Tunis in 1979 after Egypt signed a peace treaty with Israel. Page 3

Soviet withdrawal Soviet troops will start leaving Hungary today under a timetable for full withdrawal that front-running opposition par-ties say they want to speed up after Hungary's first free

Belrut car bomb About 20 people were wounded when a booby-trapped car exploded near a Syrian mili-tary base in a densely popu-lated residential area of west

Communist change After four days of emotional debate the Italian Communist Party, the biggest in the Western world, voted overwhelm-ingly for a radical transformation into a new social democrat mass movement. Page 4

Ten dead in Haiti

Ten people were reported killed and 100 injured in vio-lence in Haiti amid reports that Gen Prosper Avril was preparing to leave the country, following his resignation as president. Civilian leader to be named today, Page 5

Mongolian rally Thousands of Mongolian com-munists staged their first rally in Ulan Bator, criticising newly formed opposition movement as undemocratic and calling

Catholic shot dead A Roman Catholic man was shot dead in west Belfast by gunmen in a hijacked car.

Traffickers hanged Iran hanged 39 drug traffickers in 12 cities bringing the total crimes this year to 100.

THE SOVIET UNION

The Soviet Union is in the throes of a social, political and economic revolution that may well be as far reaching as the 1917 October Revolution. Today, a day after the fifth anniversary of the ascent to power of President Gorbachev, the Financial Times publishes a survey on the Soviet Union.

This 20-page survey, one of the most ambitious yet undertaken, took six FT journalists across the country in collaboration with the paper's staff bureau in Moscow,

The survey provides a provocative assessment of the problems and prospects for a superpower in turmoil.



Brady backs co-ordinated supervision of markets

More co-ordinated regulation of US stock and futures mar-kets is being considered by a high-level working group of the Bush Administration with Treasury Secretary Nicholas Brady pressing for these markets to be supervised as a single entity.

A letter to the leading members of the securities sub-com-

mittee of the Senate Banking Committee, setting out the main Brady options, became public over the weekend. Page 16

KUROFEAN Monetary System:
The weakness of the D-Mark
and the return to favour of
the dollar kept the EMS quiet
last week. The Italian lira
maintained its position as the
strongest member of the system and at times threatened
to move about its cross rate to move above its cross rate limit against the weaker cur-rencies. The Bank of Italy took the opportunity to increase its reserves of D-Marks and gave some support to the rela-tively weak French franc. CUR-RENCIES, Page 27

EM\$ March 9, 1990



Limit ECU Parity Day Position

The chart shows the constraints on EMS exchange rates. The supper grid, based on the sys-tem's weakest currency, defines the cross-rates from which only than 24, per cent. The lower chart gives currencies' diver-gence from the central rate against the ECU.

AMAX Gold, an 87 per cent-owned subsidiary of Amax, third largest US aluminium manufacturer, is paying \$14.9m cash for the 40 per cent of the Hayden Hill Gold Venture in California it did not own, Page

STERLING: The Bank of England sold up to \$500m of reserves last Friday and is prepared to intervene in support of the pound if the currency comes under renewed selling pressure this week. Page 16,

ABBOTT Laboratories: A long-smouldering boardroom row has flared at Abbott Laboratories, Chicago-based US healthcare group and super performer on Wall Street.

KOKUSAI Kogyo: Some 1000 employees of the Japanese aerial survey operator threatened to strike unless Mitsuhiro Kotani, the biggest shareholder and a stock market speculator, tigns. Page 19

JOHN Brown Engineering snatched a £48m (\$77m) gas turbine contract from GEC-Alsthom, the favourite until late last month, to win the order from China Light and Power of Hong Kong. Page 5

MEXICAN inflation was 2.3 per cent in February, bringing the figure for the first two months of the year to 7.1 per cent, compared with a budget-ary projection of 15.3 per cent for 1990. Page 5

MGM/UA: Giancario Parretti, Italian financier who on Wednesday will begin a \$1.26bn cash tender offer for MGM/ sion studio, made a \$50m secu-rity deposit. Page 19

THE MONDAY INTERVIEW UA, Hollywood film and televi-

World Guide

Playwright Stephen Poliakofi believes successive governments - in particular under Margaret Thatcher - have stilled Britain's Industrial regeneration at its roots. Pollakoff felt so strongly, he wrote a play about it. Page 32

Editorial Comment 14

Editorial Comments End of the beginning in Soviet Union ... Less East German elections; Takeover bids; Convertibles 12 UK Gilbs US Bonds

EC Steels Plotting next five years for industry with new lease of life ______4

Sociands Labour considers how much to give

Lawn Profitable purpose in taking US law firms

Semiconductors: Fabricating a future for a

Architectures Quality has nothing to do with

14 Unit Trusts ...

Lithuania declares formal independence from Moscow

The Soviet republic of Lithuania last night declared its formal restoration of inde-pendence from the Soviet

At the same time it appealed At the same time it appeared to western governments to confirm their recognition of its status as an independent state which was never legally incorporated into the USSR.

porated into the USSR.

The republican parliament approved in principle a declaration that read: "The Supreme Soviet of Lithuania, expressing the will of the people, resolves and proudly proclaims that the sovereign rights of the former Lithuanian state, occupied in 1940, are now reborn." Members of parliament - renamed the Supreme Soviet by the declaration - supported the declaration by 124 to none, with six abstentions.

abstantions.

The move amounts to a fundamental challenge to Mr Mikhail Gorbachev, the Soviet leader, at a time when he is already struggling to impose his anthority on a rebellious Communist Party and force through the creation of an executive presidency to stop the disintegration of the Soviet Union itself.

Union itself.

It comes on top of a comparable move to demand outright independence from the southern republic of Georgia, and rapid steps in that direction from the neighbouring Baltic republic of Estonia.

The Lithuanian parliament had already showed its determination to press for independent

man arready showed his deter-mination to press for indepen-dence yesterday by electing Mr Vytaniss Landsbergis as presi-dent of the assembly, and therefore of the republic the first non-Communist to hold such a post in the Soviet Union. Mr Landsbergis, a 57-year old professor of 20th-cen-



Demonstrators wait outside the Liftmanian parliament in Vilnius for the result of a vote whether the country should resume its independence from the Soviet Union

tury Lithuanian musical history, is the leader of the indedence movement Sajudis. He was elected by 99 votes to 42 in a contest with Mr Algir-das Brazauskas, leader of the independent Lithuanian Com-munist Party, in the first test

of wills between Sajudis and the local party which declared its: own independence from Moscow last year by breaking wiff the ranks of the Communist party of the Soviet Union.
Mr Brazauskia' refusal to
bow to Mr Gorbachev's

demands that the party retain its links with the CPSU has made him the most popular political figure in the republic. But it was not enough to pre-vent the party's landslide defeat at Sejudies hands dur-

Gorbachev urges sharing of power

MR Mikhail Gorbachev, the Soviet leader, yesterday held open the door for the ruling Communist Party to co-operate with other political parties in a future multi-party system, while insisting that it must still remain part of the couniry's government. In his most radical statement

yet on the implications of the party's recent decision to abandon its constitutional monopoly on power, he declared that it must fight now to transform its leading role "from a formal declaration, into a political

versary of his election as Communist Party General Secretary, was delivered to an extraordinary plennia of the party's ruling central committee, which was intended to endurance new party rules and control to the party rules and control to the party rules. endorse new party rules - and confirm Mr Gorbachev as its candidate for the new post of executive president, to be created this week.
He called on the serried

ranks of Communist Party leaders themselves to propose the necessary changes in the constitution this week which would "formalise equal possi-bilities for the Communist His speech, on the fifth anni- Party and other political and

Westland helicopter group wins

civil aircraft component orders

centralism" by which the party leadership enforced unswerv-ing obedience to the policy determined by the centre. ermined by the centre.

His speech came as pro-demorracy radicals stepped up their attacks on the plans for a presidency, insisting that the Congress of People's Deputies, the country's supreme consti-tutional authority, had no mandate to consider such a The position will give Mr.
Corbacher for reaching powers to declare a state of engergency, rule by decree, teto parliamentary legislation, and most critically, to distance himself from the political con-trol of his own Communist The radical Inter-Regional

Group of Deputies, led by Mr Boris Yeltsin, the leading rebel within the Communist Party, terday denounced the pla sisting that a referendum be held first, and every union republic be consulted.

Plans for E European development ask Iraq to bank run into trouble

PLANS FOR a multipational hank to help east European countries build market econo mies suffered an unexpected sethack at a weekend meeting in Paris of senior finance offi-cials of the 41 eastern and western countries backing the

The meeting, which was sup-posed to agree on an outline constitution of the French-inspired European Bank for Reconstruction and Develop-ment, ended in disagreement on at least four important tech-

Officials will meet bilaterally in the next few weeks and try to settle their differences at another unscheduled full ses-

another unscheduled min session on April 9 and again in June if necessary.

Finance ministers from the countries involved were due to have completed the bank's statutes next month, but Mr Jacques Attali, French President François Mitterrand's socdent François Mitterrand's spe-cial adviser, who chaired the session, insisted that it was still on target to start operations at the end of this year or early next.

"I am confident that the out-standing issues will be settled soon. We are on the road to a consensus," said Mr Attali. There was broad agreement that the bank should have a capital of around Eculobn

capital of around Ecu10hn (\$12hn), more than the US, Japan and Britain had originally wanted. Officials also agreed on the bank's basic aim of ushering market economies into Eastern Burope, as well as on details of its structure, the division of capital, its organisation and relations with other financial instutions, said Mr. Attali.

Attail.

That included agreement fact the European Community should hold 51 per cent of the capital and that the bank should lend to public infrastructure projects as well as to the private sector, as recommended by the EC but series resisted by Washington.

However, Mr Attail refused

However, Mr Attali refused er comfirm s ioans to the public sector would be limited to 40 per cent of total leading.

Mr Attali admitted that "one

of several areas of disagree-ment" was how much and under what conditions the Soviet Union, which will sub-scribe to the capital, would be allowed to borrow. Another was how to set the exchange Continued on Page 16

Britain and EC allies spare life of journalist

D 8523A

By Andrew Gowers, Middle East Editor, in London

THE UK Government and its Ruropean Community allies yesterday appealed to President Saddam Russein of Iraq to spare the life of a Britishbased journalist sentenced to death in Iraq for espionage. Britain's ambassador to Bachdad, Mr Harold Walker. delivered an urgent humani-tarian appeal to the Iraqi leader from Prime Minister Margaret Thatcher for clem-ency for Farsat Bazoft, an ira-nian-born journalist working for the London Observer news-

Separately, a delegation of three EC ambassadors from Ireland, France and Italy-lodged a similar pien at the Iraql Foreign Ministry, which promised to pass on both as a

matter of urgency.

Britain will today attempt to British will today attempt to mobilise further international pressure on Iraq to commute the death sentence, both through the United Nations and through direct contacts with friendly governments. Officials said an appeal for help to the Soviet Union, an important ally of Iraq, would be considered today.

If Basoft, 31, who is not a British citizen but was visiting iraq on a UK travel document when he was arrested last September, was accessed of apping for Israel and sentenced to death by the Baghdad Revolutionary Count on Saturday.

His arrest followed a visit to a secret military installation

His accest followed a visit to a secret military installation south of Baghdad. Mrs Daphne Parish, 53, a British nurse who took him to the site in lest car, was also sentenced on Satur-day to 15 years in jail.

British officials have expressed shock at the sever-ity of the sentences. Mr Wil-have Waldestave. the funior ity of the sentences. Mr Wil-ham Waldegrave, the junior Foreign Office minister, said on finitude with Imag would sai-fer severe damage if the death sentence were carried out. So far, the UK Government-renders and in break with a

es not to break with a country Britain regards as an important power and a lucra-tive market in the Middle Sast-has been trying to keep Rast-has been trying to keep its options open over the case. It has decided not to withdraw its ambassador from Baghdad. It is possible the Government may send a high-level emissary to meet the Iraqi leader.

Lombard, Page 15; Justinian, Back Page, Section II

COMPANY CAR COST Vehicle Contract Hire - structured for stability. GOWIE **Interleasing**

Boeing's 767-X wide-body air-craft project if it is launched later this year. Westland has been building up its civil aerospace business in the lake of Wight for the past three years. Sales of the aero-space division to the past (\$79m) in the 1969 financial CFM56-5C engine jointly made by Snecma and General Elec-tric of the US which powers the new Airbus A-340 four-en-

By Paul Betts, Aerospace Correspondent, in London

WESTLAND, the British helicopter group, will announce today \$250m worth of orders to supply parts for large commercial airline programmes. The deals mark a significant diversification into the growing civil aircraft market, decreasing its reliance on the troubled helicopter sector. The company, based in Yeovil, south-west England, has won civil aircraft component orders worth \$120m from McDonnell Douglas in the US, a further \$90m orders from Dornier, the West German aerospace company controlled by Daimler Benz, and another \$50m order from Hispano Suiza, a subsidiary of the French state-owned Snecma

aero-engine group. Westland Aerospace, the group's aircraft component subsidiary based on the Isle of Wight, will supply engine nacelies – casings for the new McDonnell Douglas MD-11 long range trijet programme, the Dornier 328 turbo-propeller and is in discussions with the commuter aircraft and the US group to supply parts for

gine long range airliner. Mr Alan Jones, Westland's

chief executive, said he regarded the three orders "of great significance" to Westland because they reflected the company's efforts to broaden its base and expand operations in the buoyant civil aircraft mar-

Our basic policy is to take the skilled and engineering resources of the group and address them to growing mar-kets like the civil abcraft business," he said. He claimed Westland was developing a adding that it intended to pursue a wide range of high-tech-nology opportunities in the civil aircraft sector.

leadership position in the engine nacelles field in the UK, The UK company also supplies components to Bosing for its Dash-8 turbo-prop aircraft and is in discussions with the

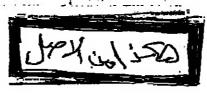
Into Europe ...

European effort ---

space division totalled £48m (\$79m) in the 1989 financial year or just under 10 per cent of the group's overall turnover of £432m. Mr. Jones said he expected to see the acrospace subsidiary's annual sales eventually top the £100m mark. In its core helicopter activities, which accounted for

ties, which accounted for 2297m of group turnover in the 1999 financial year, Westland is pinning its long-term hopes on the Anglo-Italian EH101 naval and transport helicopter as well as on some important military contracts in the Middle

the helicopter market and western defence budget cuts have clearly put pressure on Westland to expand its presence in the high growth civil sircust sector.



Soviet forces to start final Estonians seek to bring back 1940... withdrawal from Hungary

Party has accepted.

Some politicians have said

that since Soviet forces took two days to enter Hungary to put down the 1956 uprising they can leave in two days, too. The Socialists will still try to

claim credit for the agreement, but by presenting the final deadline as a bad deal, the

on June 30 but before; if every-

thing goes well, it could be completed before."

After unilateral withdrawals which began last April, 50,000

By Nicholas Denton in Budapest

THE SOVIET forces which have occupied Hungary on a "temporary" basis since the end of the Second World War, today begin a total withdrawal. under an agreement signed between the two countries at the weekend.

The timetable for the Soviet pull-out closely matches that agreed recently with Czecho-slovakia: the deadline is June 30, 1991, and the process begins immediately with today's departure of one rifle battalion

Saturday's compact between the Soviet Union and Hungary envisages that 70 per cent of Soviet forces will depart by the end of the year and 90 per cent

by the end of February 1991.

Mr Ferenc Somogyi, head of the Hungarian negotiating team, said yesterday that all basic Hungarian demands had

The Soviet Union had set August 1991 as the earliest date by which their equipment could be removed, but compromised when the Hungarian Government agreed to buy much of the Soviet oil and gas stores and to arrange the sale

Mr Somogyi admitted that the Hungarian side had capital-ised on the Soviet interest in

before the Hungarian elections. Soviet soldiers remain stationed in Hungary, along with another 50,000 civilians and due in a fortnight, after which the Government will be less acomiescent.

The strongest opposition par-ties, who will dominate the next parliament, have all called for withdrawal over a The Soviet military presence in Hungary, which has no bor-der with a Nato country, was never as impressive as that in time span much shorter than that which the roling Socialist

But the Soviet withdrawal will take as long because Hun-gary was a staging-post for the Soviet forces further west and so an important location for

Over double the amount of equipment and material was stored in Hungary as in Czechoslovakia, according to Mr Somogyi.

deadline as a bad deal, the opposition parties have dulled the Government's triumph.

The observers at the talks from the Hungarian opposition, with an eye on the forthcoming elections, have called for the incoming freely elected government to re-examine the agreement, with a view to Last November, a summit meeting of the Warsaw Pact alliance issued a condemnation of the invasion of Czechoslo-vakia, but no such statement has been made over the Hungarian events of 1956. "We must give a clear pic-ture of 1956 and the Soviet mil-itary interference," the Hun-garian Foreign Minister Gyula Horn told a news conference in agreement, with a view to accelerating the withdrawal.

In response to their criti-cisms, Mr Somogyi yesterday stressed that the agreement specified that the last of the Soviet forces should leave "not Mr Horn also called for the scrapping of a friendship and co-operation treaty under which the Soviet Union sent in troops in 1956 to put down

By Paul Wintrey in Tailinn . THE 499—member Congress of Estonia yesterday passed a resolution declaring itself to be the legitimate representative of the Estonian people and calling for the re-establishment of independent

The two resolutions passed by the Congress, which claims to be the lawful descendant of the Estonian parliament dispersed in 1940, declared that Estonia was a "free and independent" republic which had been occupied by Soviet troops for 50 years Estonian statehood

troops for 50 years.

Although technically not a declaration of independence, the two resolu-tions were the opening round in a pro-cess organisers believe will lead to Estonian independence

The Congress also decided to demand

the withdrawal of all Soviet troops sta-tioned on Estonian soil and despatched Mr Endel Linman, a physicist who was elected chairman of the Congress, to Moscow, where he will meet representa-tives from Latvian and Lithuanian pop-ular movements today to agree on a joint position for forthcoming negotia-tions with Moscow over Baltic indepen-

Yesterday's meeting was the culmination of a year-long campaign by Esto-nian nationalists. Rather than seeking independence through the Supreme Soviet, as other Baltic republics are doing, Estonian activists chose to elect an entirely new body, which organisess claim is the legitimate heir to the body deposed by invading Soviet tanks in

1940. We do not intend to achieve independence through the body set up by the occupying powers," Mr Tunne Kelam, an activist, told the assembly. "We have reached an historical summit where the suffering and aspirations of our people have finally come together."

Along with the "Declaration Concerning the Legal Restoration of State

Authority on the Territory of Estonia", the delegates, who include 35 represen-tatives elected by Estonian communities shroad, requested a UN debate over the Soviet Union's violation of the Tartu treaty of 1920, which established the independence of the tiny Baltic

The delegates to the Congress were elected by a reduced electorate of

who could prove descent from citizens of the once-free Estonian Republic were entitled to vote. The voting took place over a full week a fortnight ago.

Elections for the Estonian Supreme Soviet will take place on Sunday March 18. Congress organisers have called on Estonians to take part in the Supreme Soviet elections, even though they do not recognise the legality of that body.

"In relation to Estonia, the Supreme Soviet is illegal," Mr Edgar Savisaar, who is expected to be part of the team sent to negotiate with Moscow, explained to the delegates. "But in relation to the Soviet Union it is still legal, We must have good relations with it to

We must have good relations with it to achieve independence."

. and Georgians plan to revive the republic

By John Parker in Moscow

LITHUANIA is not the only Soviet republic declaring independence. Last Friday, in Georgia, the local parliament also declared illegal the treaties under which the republic joined the Soviet Union and demanded immediate negotiations with Messaw to recognize its ations with Moscow to recognise its

claim to independence.

At the same time, more radical nationalists went a step further by saying that that tomorrow they will set up an alternative government for an independent Republic of Georgia which they claim has never ceased to exist.

In an extraordinary session of the Georgian Supreme Soviet, the Communist Party first secretary, Mr Gigi Gumbaridze, pushed through a resolution on

the defence of the republic's sover-eignty, which said the proposed new presidential powers were "unaccept-able". The resolution also said that Georgian delegates to the Congress of People's Deputies ahould not take part in the vote on the question when it is

in the vote on the question when it is held in Moscow today or tomorrow.

During the debats in the Georgian parliament, speakers called the new powers a "violation of the rights of Union republics" and said that "there was no guarantee that after Gorbachev some other individual would not come to this Everest of power."

At the end of last year, the Georgian Supreme Soviet had declared that any action by the authorities in Moscow

that contradicted the Georgian constitu-

laration of independence.

On Saturday, 4,000 people, including 30 hunger strikers, railied outside the government and Communist Party headquarters in Thilisi, the republic's capital, to protest against presidential rule. A similar raily was held in Kiev, the capital of the Ukraine republic, where, according to the main nationalist organisation, Rukh, 50,000 people demonstrated against the proposed new demonstrated against the proposed new

More militant Georgian nationalists. however, have dismissed the actions of the Supreme Soviet. They argue that no talks should take place with what the

call the occupying powers. At a meeting of their leaders in Tbilisi on Saturday, they said there was a "loss of trust in the present leadership of the republic which is acting in accordance with the interpretations of Macros."

which is acting in accordance with the instructions of Moscow."

The meeting of the Council for the Salvation of Georgia, the group which represents the radicals, also said that a forum of alternative political parties and movements — of which there are nearly 100 — would convene in the capital tomorrow in order to choose their own coalition government.

This government, they added, would be chosen at the headquarters of the Institute of Marxism-Leninism in Thilisi.

Not everyone has a First Class service ood enough to

We think that you'll be impressed by our First Class service.

Very impressed.

So here's an incentive to try it for yourself. Book First Class with TWA non-stop to the USA and we'll let you take a companion with you. And his or her flight will be free!

All you have to pay are the standard airport and security charges.

You must book and pay by the end of March, but you can fly anytime in 1990.

Which gives you the opportunity to experience our superb First Class service with a colleague.

· Or a friend.

Or even a good friend.

Because when you have a service this good, you can't wait for everyone to try it.

Talk to your travel agent or telephone TWA on 01-439 0707.

For the best of America

Hopes for gradual German unification

By David Goodhart in Bonn

MR Wolfgang Schäuble, the West German Interior Minis-ter, stressed yesterday that his Government's preferred constitutional route to uni-ty - through Article 23 - would still allow for a grad-ual, staggered, merging of the two countries.

two countries.

The Article 23 route, by which the East German regions simply decises themselves part of West Germany, has been criticised as an overhasty path to unity.

But Mr Schäuble said on West German television it would be wrong to imagine that one day after an Article 23 decision the entire legal and social system of West Germany would become effective in East Germany.

He quoted the example of the Scarland, which joined Germany, using Article 23, after a referendum in 1955, but then spent several years gradually adapting its institutions to West German standards.

four victorious. World War must of course inform and consult everyone – all our Nato partners and European neighbours," he said during the television discussion.

Germans, the two states in Germany, and the four pow-ers. That does not suit everyone else in Europe, as we know." In East Germany, camp

ing for the country's first free elections on March 18 entered its last week with opinion polls showing that the Social Democrats (SPD) and a three-party conservative alliance

might have to form a "grand coalition." The polls suggested the Alliance for Germany, backed by West German Chan-cellor Helmut Rohl, and the SPD were running virtually neck-and-neck and neither would be able to form a gov-

emment on its own. The wartime silles - the United States, Soviet Union, Britain and France - will begin unity negotiations with West and East Germany in Bonn on Wednesday.

The so-called "two-plus-four" talks aim to plot the security contours of a united security contours of a united Germany, including its military status, the border with Poland. Poland, alarmed by equivocation in Boun about German recognition of its postwar borders which include large areas of furner German territory, has launched a diplomatic offensive aimed at winning a place at the talks. Also at the weekend, the

Also at the weekend, the West German Social Demo-crats officially backed the position of the party deputy

first year and priority status for public housing.

Only 8 per cent of those expelled from Germany's for-

mer territories in Poland want to return to their, or their parents', former homes, according and their descendants, is thought to be one reason why Mr Helmut Kohl has risked international rebuke over Polish border question.

Protesters demand end of Romanian secret police

ANTI-GOVEENMENT protesters demanding the removal of all Communist and secret police influence in Romania demonstrated in Buc-

cities: yesterday, Reuter reports from Bucharest.
Demonstrators massed in the Opera Square in Timisoara where the Romanian revolution began on Par 15 lest week.

where the Romanian revolu-tion began on Dec 16 last year and in the centre of the Molda-vian capital of Iasi.

More than 1,500 people took part in an illegal march through central Bucharest to the headquarters of the Provi-sional Council of National Unity (PCNO).

The Council is responsible for Romania's government in the run-up to democratic electhe run-up to democratic elec-tions on May 20 following the

overthrow and execution of Communist dictator Nicolae Troops and police guarded the building but did not intervene as the crowd shouted anti-Communist siogans and called for the removal of Mr

Ion Iliescu, the provisional President. Many Romanians are suspicious of former Communists who have assumed an influential role in the National Salvation Front which dominates the PCNU and some of the political parties which will contest the elections.

The demonstrators also chanted against Mr Ceausescu's widely hated Securitate secret police apparadisbanded but many of whoseofficers have been absorbed by

the army. Romanian radio reported that several hundred people demonstrated in last, in the northeast of the country near

the Soviet border.
The demonstration was led by local journalists who have been on strike for six days and included demands for press freedom and a five-day working week, as well as further action against former Securi-

tate agents.

The provisional government has been introducing the shorter working week gradually, with every alternate Saturday free.

The radio said that a proclamation of the aims of the revo-

lution was read in Timisoara in western Romania.

FINANCIAL TIMES

Arab League to return to Cairo

By Tony Walker and Jihan Ai-Tahri in Cairo

THE headquarters of the Arab League, central organisation of readmission to the League at all Arab states, is to return to the May, 1988 Casablanca sum-

step in Egypt's rehabilitation as leading Arab state. The decision will give a boost to Egypt at a time when it is holding delicate talks with the US and larael on the peace process. The League's HQ was moved to Tunis in 1979 after Egypt signed its peace treaty with larael. The treaty led to Egypt's suspension from the League. News of the decision to return to Cairo was carried by Egypt's Middle East News. Agency. A formal announcement is expected soon, with a Agency. A formal announcement is expected soon, with a final decision on the date, at the next Foreign Ministers' meeting in Tunis in September. Cairo is set once again to become the centre of regional decision-making. Egypt lost this role when it signed the 1979 peace treaty. The decision

Cairo after an 11-year absence, Arab League Foreign Ministers decided in Tunis,

The decision in principle to relocate the League's General Secretariat marks the final step in Egypt's rehabilitation as leading Arab state. The decision was leading Arab state. The decision was leading and state of the decision was leading and state.

grounds that the Arab League's 1945 charter requires its HQ to be in Catro.

A former senior Egyptism diplomat said the decision was significant in light of current efforts to revitalise the Middle East peace process. "The Arab League is returning to an Egypt in a state of lukewarm peace with Israel. It indicates the Arabs are approaching the peace issue rationally."

A Western official worried that Egypt might now feel, as host to the Arab umbrella organisation, under pressure to

organisation, under pressure to organisation, under pressure to adopt cautious consensus posi-tions. Since Casablanca, it has shown an independent streak, notably on the peace issue. Egypt, the US and Israel are holding talks on a tripartite. meeting leading to a dialogue in Cairo between Israel and

New Delhi to appoint minister for Kashmir

By K.K. Sharma in New Delhi and Zafer Meraj

The Government of V.P. Singh The Government of V.P. Singn in New Delhi is to appoint a minister in charge of Kashmir affairs following a decision by an all-party delegation that visited Srinagar last week to seek a political solution to the Kashmir terms.

idual

Cution

Francisco Commission C

a political solution to the Kashmir issue.

Kashmir is now under governor's rule following the recent dismissal of the state government led by Dr Farouq Abdulah, the leader of the national conference-congress coalition. The new governor, Mr Jag Mohan, was appointed to head the administrative governor of the state.

the state.

The decision of the all-party delegation, which met in New Delhi for the second time after its return from Srinagar over

the weekend, is though to reflect the feeling that Mr Jag

Mohan had not adopted a polit ical approach to the problem in Kashmir, where militants have launched a violent movement for secession from the Indian

Mr V.P. Singh, India's Prime Minister, has still to appoint the new minister for Kashmir affairs but this is widely expected to be Mr George Fernandes, at present minister for rail-ways. Mr Fernandes was a member of the all-party delegation which went to Srinagar last week and he is the only prompted with a research. member who was able to estab-lish contacts with the local people. He is also a friend of Dr Abdullah.

Kashmir has become more tense recently because of a

DIRECT INVESTMENT ABROAD EC tops list of US investment projects

By Guy de Janquières, laternational Business Editor.

ALMOST two-thirds of all by far the most common form ects announced by US manufacturing companies last year were made in Europe, most of them in the European Community, according to a survey carried out by the Conference Board.

The Board, a business research organisation, said the number of such projects worldwide totalled 217, 20 per cent more than in 1988. The value of the 62 projects for which figures were disclosed was

\$16.6bm. Europe attracted 138, or 62 per cent, of the projects, of which 116 were in the EC, 13 were in other parts of Western Europe and nine were in the Soviet Union and Eastern

in the EC, acquisitions were

ing for 72 of the cases recorded.
The rest of the projects were
joint ventures, new plants
and expansion of existing

The UK was the single most popular location worldwide, attracting 38 projects, more than the whole of Asia and Africa. Canada was in second place

with 35 projects, twice the number reported in 1988.

The Board said the strong pace of US manufacturing investment abroad continue into this year, when new acqui-sitions and joint ventures were being completed almost every

The Conference Board, 201 Avenue Louise, B-1050 Brussels. Tel: 640 6240.

Mosbacher to keep up pressure on Kaifu

By Peter Riddell, US Editor, in Washington

MR Robert Mosbacher, the DS Commerce Secretary, today starts a week-long visit to Tokyo, expressing confidence about progress in opening Japanese markets, but reinforcing President George Bush's warning that resolving these trade. Issues is crucial for a good long term perturbility.

issues is crucial for a good long-term partnership.

His visit comes at a sensitive time in US/Japanese relations, with an interim report due in three weeks on talks over the Structural Impediment Initiative on market opening and with US deadlines this summer on disaster opening. summer on disputes over timber, satellites and super-

summer on disputes over timber, satellites and supercomputers.

There is growing Congressional pressure for tough action in the absence of real progress in these discussions.

Mr Mosbacher, known for his bluntness, said in a briefing in. Washington before leaving that he wanted to stay out of Japanese domestic politics.

But his mere presence in Tokyo, is, bound to increase public pressure on Mr Toshiki Kaitu, the Japanese Prime Minister, who has come under criticism at home since meeting President Bush in California earlier this month. Mr Mosbacher will see Mr Kaitu on Thursday.

The Commerce Department has made publicly available copies of a background US analysis to the joint US/Japanese price survey published last November. This factual survey shows a clear pattern of much higher prices in Japan than in the US, even for domestically produced goods.

In the absence of agreement on the reasons for the discrepancy, the US has published its own analysis, particularly on capital and scientific goods for

sucy, the US has published as own analysis, particularly on capital and scientific goods for husinesses. On the hasis of interviews, the report states that prices are higher in Japan because markets there are far more concentrated them in the

more concentrated than in the US, with a single manufacturer able to set the price and act as a price leader.

The second conclusion is that the Japanese distribution system is far more complex, involving many levels between the manufacturer and the enduser, raising the final price at the end of the chain. Imported goods must be handled by importers and general trading companies in addition to the normal distributors and/or manufacturer's sales representatives.

meet both government and pri-vate-sector leaders on his visit, expressed cautious optimism about possible changes in regulations on new retail stores which have been pressed by the US during the structural

the US during the structural impediments talks.
While arguing that, for the first time, the re-elected Kaifu Government recognised, the need to act to help domestic consumers. Mr Mosbacher stressed the sense of urgency. "We need to make sure there is a clear understanding between the president and the prime." the president and the prime minister on the importance of trade as a really long-term condition for a good partnership."
The trade problem "could really foul up our partnership," he said.

Political decision over journalist's life

Andrew Gowers asks what chance of success for a clemency appeal

the British Government's attempt to save the life of Farzad Bazoft, a journalist working for the London Observer newspaper, by appealing to the Iraqi leader on "humanitarian" grounds is one of its more unusual exercises in diplomettic demand. cises in diplomatic damage-limitation.

President Saddam Hussein is, after all, not a character noted for his finer feelings, He runs a country which must rank as one of the most ruth-less and repressive police states in the world. He has long been lambasted in the West for his regime's abuses of

human rights.

Why should he worry himself unduly about the fate of an Iranian-born journalist who transan-born journaist who happens to have fallen foul of the authorities while on a visit to Iraq for a British newspaper, and is accused by Iraqi officials of spying for Israel?

The answer, of course, is that if there is any hope for clemency in Bazofi's case, it rests not on humanitarian but on notifical graphs. That is

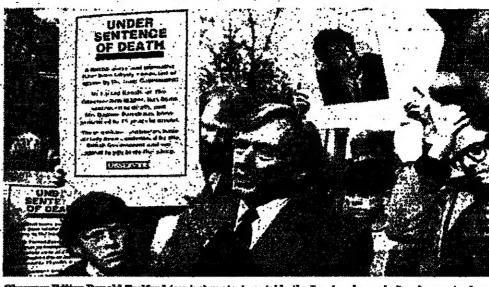
on political grounds. That is the calculation on which Mrs Mirgaret Thatchet based her last-minute plea through the British ambassador in Baghdad yestarday, and which is driving Britain's effort to mobilise European and international

European and international support for its campaign.

There had never been much hope that Bazoft, who was arrested after visiting a top secret military installation south of Baghdad last September, would receive a trial in which justice was both done and seen to be done. Iraq does not possess anything resembling an independent judicial system.

Iraqt citizens, as testified by a comprehensive human rights report published by the US-based Middle East Watch last inouth, "enjoy neither freedom

month, "enjoy neither freedom of expression nor freedom to



Observer Editor Donald Trelford (centre) protests outside the Iraqi embassy in London yesterday

trade unions...Their govern-ment subjects them to forced relocation and deportation, arbitrary arrest and detention torture, disappearance, and summary and political execu-

Bazoft, moreover, was tried by the Baghdad Revolutionary Court This body, set up in 1968 to try political and security offences, leaves defendants no right of appeal — save to the President himself. It holds its earings exclusively in camera; and the accused are almost invariably denied inde-

amost invariably denied inde-pendent legal counsel.

Whether or not the death sentence in this case is carried out will thus depend exclu-sively on President Saddam Hussem's political judgement – and more particularly, whether he cares about inter-national pressure more than national pressure more than about the perceived need to punish what his officials have portrayed as a breach of Iraqi national security.

The curious fact is that Iraq does care to some extent about its international image. During the eight-year war with Iran that ended in August 1988, Saddam went out of his way to court Western support. Since the ceasefire, he has been battl-ing for an increased flow of Western credit and expertise to help with his country's recon-

He has even been trying to create an impression of partial political liberalisation. Local elections were held last year, and Iraqis were promised a new constitution that will give them the right to form political parties. As recently as this weekend, he offered an amnesty to exiled leaders of lraq's Kurdish minority – men he had previously vowed to

Saddam has also shown some sensitivity on the human rights question. "I do not say that we respect and care for human rights as we really wish

Arab lawyers in November 1988. "However, with God's help we will reach the stage that will satisfy us and you." hanges amount to much Sad-

changes amount to much. Saddam's personality cult remains as formidable as ever — as does the grip on power he wields through the Baath party apparatus, the security services and an all-pervasive network of informers. Outsiders still find it almost impossible to gain reliable information about what is going on in the country — which is scarcely surprising since almost all information on government, economy or society is considered a state secret.

But the fact that Saddam

But the fact that Saddam feels constrained at least to go through the motions of glasnost leaves room to hope that he will not wish to tarnish his image enduringly by executing a journalist for going about a journalist's business.

Mandela to begin first visit abroad today

By Robert Taylor in Stockholm

IT SHOULD come as no surprise that Mr Nelson Mansurprise that Mr Nelson Mandela's first journey outside Africa, which begins today, should be to Sweden. The neutral Nordic nation has enjoyed a special relationship with the African National Congress since the early 1960s. Indeed, since the financial year 1972-73 the Swedish Government has provided SKr430m (£42.5m) in direct assistance to the ANC. As much as SKr85m

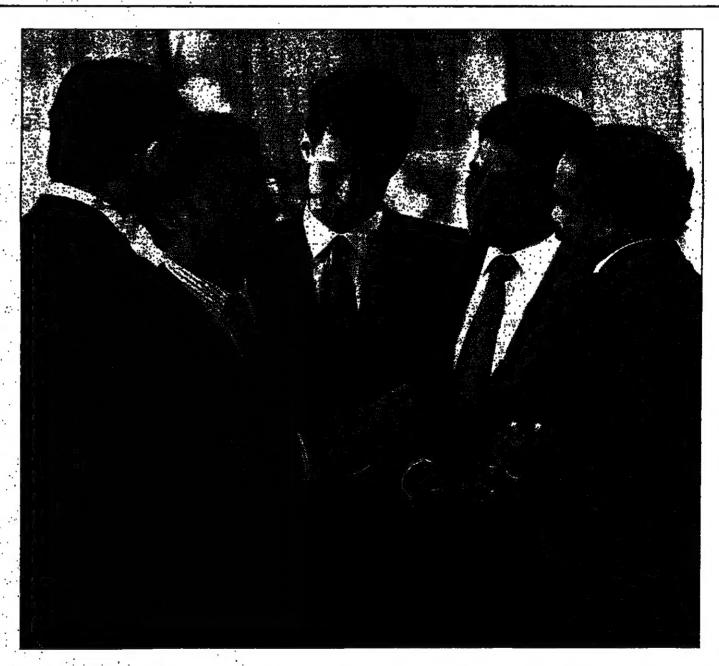
the ANC. As much as SKr85m is provided in the current budget and up to SKr100m more is going to other South African organisations such as the United Democratic Front, the international Defence and Aid Fund and Cosatu, the trade

union federation. The financial links between Sweden and the ANC are now formalised. Every May senior civil servants from the Minisry of Foreign Affairs in Stockholm visit ANC headquarters in Lusaka to discuss in detail in Lusaka to discuss in decall the ANC's requirements for the coming year. None of the money has gone into buying weapons for the armed strug-gle. It is mainly devoted to helping with the care of ANC refugees, assisting in agricul-tural development, education and health care. and health care.

A handful of other demo A nandril of other demo-cratic countries — Norway, Holland and Denmark — have also supported the ANC in practical ways over the years but none has been as compre-hensive as Sweden.

The anti-apartheid cause has

the anti-spartield cause has been well-organised across the small towns and villages of the country for over 30 years, through a coalition of the polit-ical parties and the Lutheran Church.



Let's talk about global presence

Global presence. It must be more than a far-flung international network. It must go beyond the telecommunications and computer links. It must add value to the financial relationship.

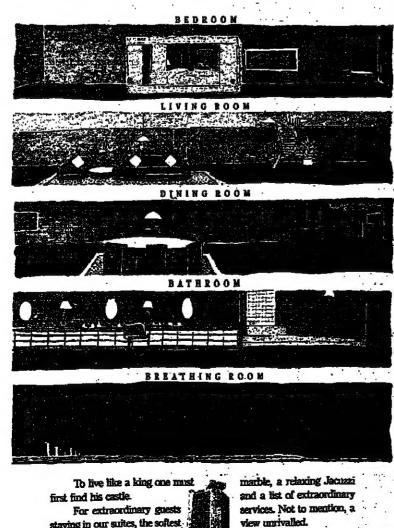
We believe the global network must function as a single financial mechanism. It must bring together international skills and resources to solve local problems.

Around the world, you'll find us ready to talk business.

Deutsche Bank -Your Partner in the World

Deutsche Bank Group





staying in our suites, the softest pillows, the most elaborate

Pan Pacific Singapore.

France's defence procurement 'must go high-tech'

internal French government report has recomended that the French defence industry concentrate more on high-technology sec-tors, and abandon those branches which have little such content or poor export

The report, drafted by a working group of industrialists, diplomats and senior civil servants, would represent something of a revolution in French defence procurement

policy.

The policy has traditionally been based on the premise that the French Government should buy virtually all its defence equipment in France, and that France's defence industry should produce virtually the should produce virtually the entire gamut of defence equip-

France has long prided itself on being the world's third-big-gest defence-equipment pro-ducer, behind the US and the Soviet Union, though in scale the French industry is gener-ally neck-and-neck with that of

But the report, drafted under the aegis of the policy planning staff of the Foreign Ministry, concludes: "France no longer has the financial basis for com-plete technological indepen-dence, and that is why the

administration must make choices in line with its means". that its recommendations would involve a sweeping

Cognac men in good spirits

FRENCH cognac producers yesterday reported a record year in 1989, thanks to fast growth in Japan and Asia, where drinkers are taking to the best-quality brands, Wil-liam Dawkins reports from

France produced just over FFr9bn (£927m)-worth of cognac last year, a 5.6 per cent rise over 1988, the producers' association, BNIC, said. France drank only 7 per cent, export-ing the rest, which contributed FFr8.4bn to its trade balance.

Cognac exports were up nearly a quarter in value,

restructuring of the defence

"One or two industrial companies will stay in certain sectors," it says, "but others will either have to abandon entire branches, or have to give up prime contracting by finding co-operation abroad".

The futures of Dassault, the fighter manufacturer, and of the Groupement Industriel des Armaments Terrèstres (GIAT), the state-owned ordnance con-cern, will depend on their ability rapidly to find industrial partners, who might in a first phase be French.

Some low-technology sectors, hitherto regarded as sensitive, will have to be given up, says the report, which has been leaked to the daily newspaper Libération. As examples of dis-pensable sectors, it cites artilpensable sectors, it cites artil-lery and shells, where France's main suppliers are the com-pany Creusot-Loire and GIAT.

The report criticises current plans to produce carrier-borne plans to produce carrier-borne fighter aircraft — apparently a direct criticism of the recent decision by the defence ministry to go ahead with the manufacture of a specialised naval version of the Dassault Rafale fighter, instead of buying F18s off the shelf from the US.

It also consumes plans to wen.

It also censures plans to produce a military computer. French naval shipbuilders, balance of payments, should seek links abroad.

Way forward signposted for up-and-fighting EC steel

and the shift to more efficient

production techniques, the

On the industry's own plans,

decade are likely to continue,

although at a much slower

become less of a problem.

The Commission plots the next five years for a newly recovered industry, Lucy Kellaway reports

THE crisis days are over between I and 3 per cent. With in the European steel industry. Steel is becomfurther reductions in capacity ing a business like any other. way forward is through the free market. Companies that invest will succeed.

This is the general thrust of a weighty document approved by the Commission last week plotting the next five years for European steel. The industry, which only 10 years ago was declared to be in a state of manifest crisis, seems to have

Partly through its own investments, and partly thanks to the Ecn 40bn (£28bn) subsidies that have poured into European steel companies since 1980, the industry is now profitable, and relatively set-tled

it to consist of 379 companies, producing 20 per cent of the world's capacity, with a turn-over of Ecu 50,000bn, val-us-added of Ecu 15,000bn and a payroll of 400,000 people. The Commission's report is based on the forecast of a healthy European economy, growing at about 3 per cent a year. Against this background, steel demand is set to grow at

Its latest vital statistics show

The report does not suggest grounds for complacency. It points out that Europe still

In the past few years, the industry has responded to the needs of its customers, slowed

the substitution of steel for

other materials, and kept the

net level of exports constant at

between 10m-12m tonnes a

year. Given investment projects already under way, over the next five years production will become faster, better and

lags behind its most competitive partners, and urges companies to use the present years of windfall profit to invest more for the future.

weight of excess capacity will Even though European steel producers have reduced the the big capacity cuts of the last number of hours it takes to produce a torne of steel from

Having come down by some Partly through its own expected to fall by another investments and partly 7m tonnes over the next three years to about 184m, and therethrough the subsidies that have poured in, the European industry is after to stick at around that level until 1995. Production is expected to edge up slightly from about 137m tonnes to about 138m-143m tonnes in now profitable and relatively settled'

> nese producers are busily aiming at two hours per tonne. Average energy consumption in Europe is 22 gigajoules per tonne; in the Far East it is 18GJ/tonne. Moreover, there can be little hope of closing the gap when investment in research by European steel companies is running well below that of Japanese and

The Single Market is expected to have a strong positive effect on the steel industry. Even though steel has always been a special case, covered by the protectionist Treaty of Paris, rather than by the more liberal Single Market Act, the general decegulatory feeling of 1992 will make new emphasis on the free market "irrevers-

The 1992 project should pro-vide a windfall for the industry in other ways, the report notes, with a "very considerable" effect on energy costs, and a possible reduction in financing costs of 10 per cent at least. This should mean that steel prices can come down, without profits being squeezed.

A side-effect of the 1992 dead-

line is a new dynamism on the part of steel companies. The study claims that the ideas of managements have undergone
"a fundamental reappraisal
which should generate the
right strategies for the future".
Companies are also starting to do the right things to pro-tect themselves against future tion from outside. These include: paying more attention

mercial investment; diversifying into areas other than steel; takeovers and margers; special-ising in high-quality products, and more integrated produc-

tion techniques.
To succeed, big mergers, especially cross-border ones, may be necessary, the Commis-sion notes. But it warns that even in the name of further rationalisation, it is not going to tolerate arrangements that lead to cartels in production or

It suggests hig steel compa-nies would do well to consider expanding further into distribution in other member states, but hints it might not permit the big steel companies to tighten any further their grips on distribution in their home

The Commission also holds out hope for a general freeing of trade over the next five years. Since 1989, it has been increasing the quantities per-mitted under its voluntary restraint arrangements, and has been cutting down the number of categories to which

they apply.
It notes that the new US quotes expire in 1992, (after which they may be lifted altogether);

while the strength of the Yen has meant increased imports

emo

A mu

Apani

depin

into Japan. The good news comes with a sting in the tail, that continned and even stiffer anti-dump ing measures" will be taken against any countries unfairly subsidising their industries.

In this new open and com-petitive world, EC steel companies' trade balances to the rest of the world are not expected to change much from 1988 lev-els of 11.4m tonnes, reaching between 13.3 and 8.7m tonnes

But the composition is likely to continue to shift as Europe continues to import more semi-finished and unsophisticated products such as concrete re-inforcing bars, and export more valuable items like coated sheet.

The Commission's report will form the basis for its pol-icy towards the industry over icy towards the industry over the next five years. The conclu-sions have yet to be worked out, but it is clear from the tenor of the report that any producers who think they are going to be cushioned into the next downturn will be disap-pointed.

although the world market for spirits has been flat or declinspirits has been flat or declining. Sales to the US slipped 3.5 per cent to 29m bottles, with Japan in second place (27m bottles), underlining the success of French luxury goods in a market other areas of French industry argue is still unfairly closed to foreigners.

Cognac sales in Asia as a whole rose 23 per cent in volume (33 per cent in value). The EC took 56m bottles. Britain

EC took 56m bottles. Rittain kept its place as Europe's top cornec importer (17m bottles) followed by West Germany

Athens cracks down on the tax-dodgers

THE Greek Parliament has passed a fiscal reform law aimed at curtailing wide-spread tax evasion and broadening the tax base to include Greece's 900,000 farmers, Kerin Hope reports from

The legislation provides for privatising 28 heavily-indebted industrial companies nationalised by the former Socialist government eral others.

The law is designed to

The law is designed to make tax collection fairer and more efficient. The only people who pay all their taxes now have it deducted at source," a Finance Ministry official said.

At least Dr2,500km (212.9km) in income escaped taxation in 1889, while increases in VAT receipts in 1989 fell 50 per cent short of forecasts. The only new taxes are a 25 per cent capital gains tax on profits from property sales, and a stamp tax on new husinesses.

Italy's communists relaunched in tears

By John Wyles in Rome

ideological roots and relaunch-ing itself towards "reformism" proved almost too much for the italian Communist Party at the

The final hours of the party's special Congress in Bologna saw its leader break down in tears, only a slender majority of delegates voting in favour of keeping Italy in Nato, and the affirmation of a large minority which wishes for ever to be

Nevertheless, from today the PCI is launched into its "constituent phase" which may last from nine months to a year. Then comes another Congress which will formally hapties the new political formation of the left, around the flag of which those who wish to create an alternative to Christian Democrat-dominated governments will be urged to relly. Having openly paraded deep internal divisions over "whether" to abandon commuties over "what" to replace it with, a new phuralist PCI faces its first test of public opinion in less than two months.

Party officials say private polls indicate that in the local government elections of early May, it should hold on to the 27 per cent share of the vote taken in the 1957 general elec-tion. More detached observers are much less certain the polit-ical ground will hold beneath this newly fractious party. Certainly, Bologna should have convinced many Italians

that the PCI has for ever aban-doned that monolithic facade ong imposed by democratic The tensions which have built up over the past four months between the 66 per cent of the party which has lined up behind the reformist line of its leader, Mr Achille Occhetto, and the 34 per cent opposed to the burish of old name and identity, surfaced

movingly and dramatically at hunchtime on Saturday. Having made a relatively uncompromising closing speech built around the decla-

ration "I am not moving from this position". Mr Occhetto dis-solved into tears when his old mentor and chief opponent, Mr Pietro Ingrao, offered him a salutary embrace. The sight, magnified on a giant screen around the oval hall, of their stocky moustachloed leader sobbing uncontrollably, opened hundreds of other tear ducts among delegates and observers

gates and observers. But true grit was restored in subsequent voting on motions and statutes which were vital battlegrounds for the Ingrao minority and the Occletto

majority. Tactical assaults by the old guard, such as attempts to require the holding of a referendum of the PCFs 1.4m m bers on the new perty and its programme, were solidly defeated. But Mr Occhetto had to request a confidence vote on a Young Communist motion in favour of leaving the Nato alli-

He was backed by 498 votes against 353 with 53 abstentions - a barely respectable victory on an issue of particular resonance at home and abroad.

At the end of the day, the world was not much clearar about where the post-Communist PCI stands on the future European order — Mr Occhetto implied that a required Germanial Account the post-Communist PCI stands on the future European order — Mr Occhetto implied that a required ferroman would be the post-Communication of the post-Communication of the post-Communication of the post-Communication of the communication of the communication of the communication of the communication of the day, the world was a communication of the communication of the day, the world was not much clear the communication of the day, the world was not much clear and the communication of the day, the world was not much clearar about where the post-Communication of the day, the world was not much clearar about where the post-Communication of the day, the world was not much clearar about where the post-Communication of the day, the world was not much clearar about where the post-Communication of the day o

many would have to leave
Nato - nor on the detail of its
seconomic and social policies.
The profile will have to be
much clearer, and less radical,
than it seems to be in prospect,
before Mr Bettino Craxi's
Socialists will even consider
moving towards an alliance moving towards an alliance with Mr Occhetin. Without the Socialists, the Italian Left will remain divided and the Christian Democrats in

Sweden unveils new plan for industry

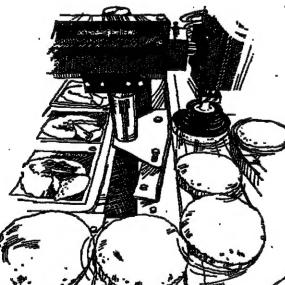
THE Swedish Government has unveiled a strategy promising more active state intervention in industrial restructuring. Robert Taylor reports from Stockholm.

The strategy proposes a state-holding company to include Sweden's seven public-ly-owned industrial exterprises, which have market value of SKr25bn (£2.4bn) and employ 75,000 workers. Up to 35 per cent of the company will be owned by the state with the rest of the shares sold off. The company will not be floated on the market yet.

Companies to be included are Procordia and Celsius; the mining concern LKAB; the mining contern ERAB, the steel combine SSAB; ASSI and NCS (forestry), and the FFV ordnance group. No changes can be expected until talks end between the EC and European Free Trade Association on creating an economic space between the two areas.

Parker Hannifin: Controlling motion in three vital ways

Our business is motion and control, and no one else knows it quite as well. Parker Hannifin is a \$2.4 billion worldwide company that offers the broadest and most complete line of pneumatic, hydraulic, and electromechanical components and systems available today.



Parker is providing superior systems for automating the factories of the future, and one example is the 3D liamipulate Manufactured by our Schrader Bellows division, the 3D is a "pick and place" robot which can lower itself, pick up object and put them in their designated places with total accuracy.

Parker Pneumatics: playing a major role in

Parker pneumatic components and systems are at work all over the globe, from the assembly lines of computer chip manufacturers in the U.S. to the production lines in Europe. Enhanced by time-efficient, space-saving electronic



automation

controls, pneumatic systems are capable of

performing countless motion-control functions, Parker pneumatics are currently used in automated machinery for packaging, food processing, and assembly in the most modern factories around the world.



From power transmissions of hard-working vehicles (and the machines that build them) to sophisticated control systems for jets, Parker hydraulic components and systems are providing the muscle to perform labour that would otherwise be beyond man's power.

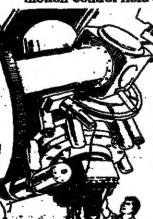
Electromechanics: precision control to fractions of a millimetre

Parker's Compumotor/Digiplan microstepping control technology offers industries many advantages in exceptionally precise control of speed and position. These systems are making possible exciting new innovations which are helping design engineers make their most imaginative projects come true.

Instrumentation, laser/optics, robotics and industrial controls are among the numerous

applications of flexible, intelligent computercontrolled motion.

Parker is on the move throughout all five continents. Our international divisional organisation ensures we are positioned to enable us to be the only world competitor in the motion-control field capable of transforming



the science of a/motion into so many innovative solutions.

ontrols position a reflecting

Parker performance

The Company has more than 800 product lines and offers 200,000 catalog items to customers in more than 1,200 industrial and

aerospace markets. Shareholders have benefited from this diversity with 34 consecutive years of dividend increases and 159 consecutive quarterly divi-

Call or write to receive our Annual Report.

New European Headquarters

On 31 January, we relocated from Star House, Watford, to newly constructed facilities. Please contact us at Parker Hannifin Corporation, European Headquarters, Parker House, 55 Maylands Avenue, Hemel Hempstead, Herts, HP2 4SJ, England. Tel: (0442) 238100, Fax: (0442) 238111, Tlx: 827766PHHEMIL

Vital technologies for motion control.

OVERSEAS NEWS

Aylwin sworn in as Chile returns to democracy

MR Patricio Ayiwin was sworn in yesterday as Chile's first elected president since a 1973 coup, taking over power from the long-time military leader, General Augusto Pinochet, Reuter reports from Valpar-

Mr Aylwin, a 71-year-old law-yer, headed a broad coalition of parties from the left to the centre to win last December's presidential election. Gen Pin-ochet, who once said not a leaf stirred in Chile unless he moved it, was forced to step down after losing a plebiscite in 1988 designed to confirm him in power for eight more

Smiling broadly and waving at a crowd of thousands lining the streets and shouting his name, Mr Aylwin slowly made his way through crowds of reporters and supporters in an

open car.

He was due to return to Santiago later to address supporters from the balcony of the Moneda presidential palace.

Gen Pinochet will stay on as

army commander-in-chief and politicians say he hopes to return as President. return as President.
Police said demonstrators

den unveik

plan for

TO STORM

خناسیس ته بر –

A CONTRACTOR OF THE CONTRACTOR

mance

threw tomatoes, apples, shoes, coins and sticks at Gen Pin-ochet as he drove to Congress. As he entered the futuristic new Congress building, mem-bers of Mr Aylwin's coalition shouted "assassin, assassin". Mr Aylwin, smiling broadly,

Mr Aylwin, smiling broadly, kissed his wife and shook hands with the US Vice-President, Mr Dan Quayle, President Carlos Manem of Argentina, Uruguay's President Luis Alberto Lacalle and President José Sarney of Brazil before leaving Congress past a flag-waying crowd. flag-waving crowd.
Other leaders refused to meet Gan Pinochet, a condition



Aylwin; a moderate lawyer

imposed by the outgoing general for foreign officials wanting to go to the handover. The rest of the visiting 14 heads of state and government will take part in later caremonies.

Gen Pintochet met Mr Quayle on Saturday at his home.

Gen Pinochet met Mr Quayle on Saturday at his home.

Mr Quayle, who was booed and whose motorcade was kicked by supporters of the military ruler as he left the meeting, said to reporters that he had told Gen Pinochet his role in history would be deter-mined by how smooth Chile's transition to democracy

But the 74-year-old general complained he was misunder-stood. "Sixteen years ago we did what is happening in [East-ern] Europe now and we weren't understood. What is happening with the Barlin

happening with the Berlin Wall... happened to us 16 years ago when the communists were here," Gen Pinochet told Mr Quayle.

More than 1,500 people died in the 1973 coup, which left the country's left wing president, Mr Salvador Allende, dead in the bombed ruins of the Moneda palace.

Stock markets seen as expanding in developing countries

By Stephen Fidler, Euromarkets Correspondent

THE importance of stock thirds of this total To increase markets in developing countries as a source of foreign capital could grow substantially over the next decade, according to a study published today on behalf of the UN-backed World Institute for Develop-

neth Berrill, former chairman of the Securities and Investment Board in Britain, fore foreign investment in these emerging stock markets rising from an estimated \$15bn (59.2bn) now, to \$100bn by the

year 2000. This implies a rise in foreign rives investment in develop-ing-country stock markets from about \$1hn a year in the late 1980s to \$5hn\$10bn annu-

ally in the 1990s. However, if investors world-wide increase the percentage of their portfolios held in foreign markets, and if developing countries take steps to reduce barriers to foreign investors, these figures could be far exceeded, the report says.

The importance to develop-ing countries of financial flows which do not create debt has grown as bank lenders have retreated because of the Third World debt crisis. The report adds: "Equity markets are a vital part of economic developvital part of economic development - they encourage savings, help channel savings into productive investment, and encourage entrepreneurs to improve the efficiency of

investments."

Emerging stock markets have grown five-fold over the last five years and had a capitalisation of \$620bn in 1989. The \$15bn of foreign investment in these markets represents about a quarter of 1 percent of the total pool of institutional funds in the main markets.

Of the roughly 30 emerging markets, foreign investors are attracted to the long-term potential of about 20, including low-income countries such as India and highly-indebted countries such as Brazil and the Philippines. However, potential investors are limited by a shortage of suitable stock. Although the 30 markets list about 7,000 companies, only about 900 have the required tradeability for foreign inves-

tors, and Korea, Taiwan and India account for about twothe supply in the short run, the study calls for the removal of tax discrimination and monetary distortions that ferour

in the longer term, it calls for more privatisation of pubthat a study by the Interna-tional Friance Corporation, the arm of the World Bank meant to encourage the private sector in developing countries, has identified over 600 potential candidates for privatisation in the 30 markets. It also urges measures to bring privately-held compenies

IMF should play a more active role in encouraging the removal of barriers

to market. Barriers which restrict the access of foreign investors to the markets bould be lowered, it suggests. Rules which restrict foreign investment to approved country funds should be reconsidered. Limits on foreign ownership and control of the corporate sector should be reviewed, with the role of non-voting shares possibly expan-ded as a way of reconciling for-

eign investor interest with domestic control. Taxation disincentives, such as capital gains tax for non-resident investors and withholding taxes on dividends, should

Finally, protection given to domestic financial intermediaries - for example, in the management of country funds - should be re-examined.

The report calls for a change in the articles of the International Monetary Fund condoning the use of controls to regu-late international capital movements, and urges the Fund to play a more active role in encouraging the dismantling of barriers to capital move-

Foreign Portfolio Investment in Emerging Equity Markets. Study Group Series No 5. Pub-lished by the World Institute for Development-Economics Research of the United Nations University, Annankatu 42 C, 00100 Helsinki, Finland

118,5

+25

WORLD ECONOMIC INDICATORS INDUSTRIAL PRODUCTION (1985 = 100)-Dec.'89 115.2 120.8 113.9 Jan.'89 113.8 year +0.0 +2.0 +4.3 115.0 120.8 118.7 1127 Dec.'88 Oct. '89 112.1 112.1 +1.2 +1.8 +10.0 113.2 111.9 105.3 119.3 109.5 97.6

pass law on amnesties

By Tim Coons in Managua

A CONTROVERSIAL package of legislation is being rushed through the Sandinista-conthrough the Sandinists-con-trolled National Assembly in Nicaragua before the new US-supported Government takes office in six weeks.

One law, which was passed
the weekend presents

One law, which was passed at the weekend, pre-empts retaliatory measures by the new Government against outgoing officials of the Sandinista Government, under investigation for alleged abuse of their positions.

Cases covered include charges of fraud and corruption, but the amnesty also extends to members of the army and police who have enceeded their authority.

Known as the General Amnesty and National Reconciliation Law, it also quashes legal proceedings against anyone who has committed politically-related crimes against the state since the Sandinistas

cally-related crimes against the state since, the Sandinistas came to power in July 1979.

Such a general amnesty has been one of the conditions demanded by the US-backed Contras. in order for them to accede to their demohilisation.

Other legislation in the pipeline is to prevent former landlords from reclaiming properties, houses and lands which have been expropriated from them since 1879. them since 1979.

Sandinistas | Doubts over Mexican inflation | Civilian set to head

services for working class fum-

By Richard Johns in Mexico City

MEXICO'S rate of inflation was 23 per cent in February, bring-ing the figure for the first two months of the year to 7.1 per cent, compared with a budget-ary projection of 15.3 per cent for 1990 as a whole. On an annnor used as a whole. On an annualized basis, the Consumer Price Index (CPI) was up by 25.5 per cent in the 12-month period to the end of February, according to Bank of Mexico statistics. At the same time, doubts are

growing about just how accurately the CPI reflects cost-ofliving increases For instance, the index maintained by the economics faculty of the National Autonomous University of Mexico reported that the cost of its basic basket of 42 goods and

By Richard Johns WITH political tension still running high in the state of Guerrero, Mr Cuanhtémoc Cárdenas, the leader of the Party of the Democratic Revolution (PRD), said at the weekend that the "violence and repression" against it had been ordered at the highest level.

Addressing a political willow. Addressing a political rally of PRD supporters in the city square of Acapulco he came closer than ever before without naming him person-

Carios Salinas de Gortari per-sonally of ordering a crack-down on PRD activists.

d in their protest.

The business community is now planning for a final out-come of 20-27 per cent.

January's 4.8 per cent increase in the official CPI was largely the result of adjust-

ily was up 24 per cent in December and January alone.

The general expectation now is that the Government will fail to contain inflation to a level even near the one targeted in the bardest. geted in the budget.
Wage settlements for skilled workers in contractual negotiations immediately in prospect are likely to far exceed the 10 ments in public sector prices -a one-off "inflationary bubble". In the meantime, pressures from the private sector for an early liberalisation of prices per cent rise in the minimum wage set in December for the period to the end of July, when the current phase of the Pact for Economic Stability and for the most part frozen for just over two years - are growing as the squeeze on profit margins tightens.
For instance, the new presi-

for instance, the new presentent of the National Chamber of Industrial Transformation. Mr Robert Sánchez de la Vara, has called for the removal of controls when the current PECE accord expires. likely to be in line with the 27 per cent, including benefits, obtained by the labour forces at Ford's motor assembly plant

Government is accused of repression

Growth (PECE) comes to an end. The trend for them is

They are still protesting at the official results of munici-pal elections for the state held last December, having been 22 town halls which they occu-

The aggression unleashed against the PRD with the ention of making it disap-er from the political life of Los Pinos," Mr Cardenas stated with reference the presi-

ential headquarters. Mr Cárdenas called for the emoval of Mr José Francisco removal of Mr José Francisco
Ruiz Massieu, governor of
Guerrero, against whom the
PRD has tried but failed to initiate judicial proceedings. In
doing so, he has more than a
little sympathy from the local
business community, worried business community, worried about the potential impact of the violence on tourism.

interim Haiti regime

By Canute James in Kingston

GEN Herard Abraham, the chief-of-staff of the army in Haitl, is to announce by tomor-row a new provisional govern-ment, headed by a civilian, following the resignation on Saturday of Gen Prosper Avril, the country's military ruler for the past 18 months.

Gen Avril stepped down after a week of anti-government protests and street vio-lence in which several people were killed. However, the political parties, business organisa-tions and student groups behind the protests have said they will continue demonstrations today until Gen Avril

leaves Haiti. Gen Abraham yesterday met opposition parties to discuss their demands that Gen Avril be made to leave the Caribbean republic of 6m people. The opposition parties consider his

continued presence in the country a likely source of instability. There were outbreaks of

capital, and in other towns on Saturday night, following Gen Avril's resignation. The interim government to be announced by Gen Abraham is likely to be headed by Mr Gabriel Volcy, the president of the Supreme Court.

looting in Port-au-Prince, the

dent of the Supreme Court.

The new government's main duty will be to prepare for elections later this year, and the installation of a government next February. However, Gen Abraham was facing some opposition to the choice of Mr Volcy. Some senior army officers who have been angered by moves towards an elected civilian government continued to ian government continued to press for the appointment of an

John Brown seals £48m deal

JOHN BROWN Engineering has snatched a £48m gas tur-bine contract from GEC-Al-sthom which was the favourite until late last month to win the order from China Light and Power of Hong Kong, John Ell-iott writes from Hong Kong. The contract is for three 100 MW turbines at a new power station on Lantau island.

family of Lord Kadoorie, has a tradition of buying its equip-ment from the UK, including GEC. But virtually all the £48m contract would have been sup-plied by Alsthom from France if GEC-Alsthom had won. Now all the equipment will come from the UK, including genera-tors supplied by GEC.

The Single Market won't just see the trade barriers being lifted.

The increase in competition is certain to cause a rise in the risk of business failure among your customers.

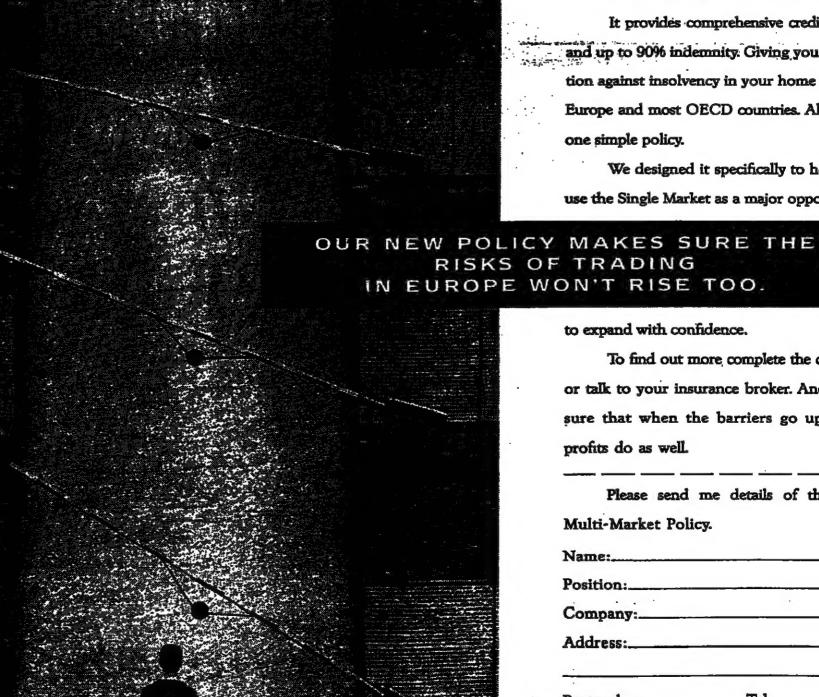
So the opening up of Europe could lead to more close downs than your business could control.

Unless, of course, you take some prudent precautions now.

Take our new Multi-Market Policy.

It provides comprehensive credit advice and up to 90% indemnity. Giving you protection against insolvency in your home market, Europe and most OECD countries. All within one simple policy.

We designed it specifically to help you use the Single Market as a major opportunity



to expand with confidence.

To find out more complete the coupon, or talk to your insurance broker. And make sure that when the barriers go up, your

Please send me details of the new Multi-Market Policy. Position:__ Company:___ Address:____ Tel:___ Postcode:_____ Please post to FREEPOST, UK Market Manager, Trade Indemnity, 12-34 Great Eastern Street, London EC2B 2FJ or telephone 01-739 4311.



TRADE INDEMNITY PLC

British Coal says it will import if local supply is inadequate

BRITISH COAL has told the UK's electricity industry that it will import foreign coal if it is unable to meet the generators' full requirements for low sulphur coal from its own pits.

This is an unexpected feature of the complex contracts British Coal concluded with National Power and PowerGen, the successor companies to the Central Electricity Generating Board, on Saturday after days and nights of gruelling negotia-

British Coal says it is confident such imports will not be necessary, but it is understood to have agreed that any price advantage from topping up its supplies with cheaper imports would be passed on to consumers through distribution companies in England and Wales. Under the agreement, British

Coal will supply the bulk of the power stations' fuel for the next three years, starting with 70m tonnes a year in the first two years and falling to 65m tonnes in the third year. It does not affect the right of the generators to import more coal outside the terms of the con-

The weekend agreement was reached after the generators claimed British Coal was 2m tonnes short of the coal needed to meet their requirements for the sulphur and chlorine con-tent of coal.

The sulphur level affects power stations' ability to meet environmental pollution standards, and an excessive chlorine content can damage boil-

Mr John Wakeham, Energy Secretary, will meet Sir Leon British, the European Community's Commissioner for Com-petition Affairs, in Brussels today in an effort to ensure that the contracts are approved under EC competition rules in time for the planned vesting of

the industry into the private sector on March 31. However, the coal contracts could be challenged by Britain's small independent mining interests which com-plain that they are paid an average of £30 per tonne for their coal compared with about £42.50 for British Coal.

Mr Harry Banks, chairman of the National Association of Licensed Opencast Operators, said a groundswell of opinion existed in favour of Launching complaint to Brussels.
"What we are looking for is

fair treatment." he said.

Unions see wider role with self employed

By Lisa Wood, Labour Staff

THE GROWTH of low-paid and low-productivity forms of self-employment in Britain over the past decade will give unions better opportunities to recruit the self-employed, according to a Trades Union Congress-study.

The study says that the trend towards self-employment in sectors such as construction and financial services has created health and safety risks, undermined training and has been associated with low pay.

It forecasts an increase in

It forecasts an increase in demand for unions to provide services for the self-employed.

Self-employment is estimated to account for 12 per cent of total employment.

Ministers work to calm Tory nerves as Thatcher dismisses rumours of revolt

CONSERVATIVE MINISTERS conservative ministrates and MPs yesterday maintained attempts to caim party nerves and damp speculation about Mrs Margaret Thatcher's leadership, following suggestions that a growing number of Tory backbenchers want her to step down before the next seperal down before the next general

With the morale and confidence of Tory MPs already under severe strain, an effort was being made to play down the extent of dissatisfaction with Mrs Thatcher's leadership and to quash talk of any chal-lenge to her position.

Meanwhile, Labour rejected suggestions that it was about

to step up efforts to identify and expel extremists from the party, following ministerial attempts to link it to Militant organisers of violent poll tax

The party said any evidence of extremist infiltration would continue to be thoroughly investigated. Labour might,

investigated. Labour might, however, consider giving greater investigative powers to regional party organisations. Disciplinary action against those Labour MPs who say they will refuse to pay the poll tax has been ruled out. The party said the MPs, criticised at the weekend by Mr Neil Kinnock, the Labour leader, were exercising their individual consciences. They are wrong but sciences. They are wrong but they are entitled to be wrong," it said.

At the weekend, Mrs Thatcher dismissed rumours of an attempt within the Cabinet to remove her. Some MPs warned yesterday that the party was wounding itself by

continuing to indulge openly in groundless speculation. Polls conducted by three

Sunday newspapers suggested that up to one quarter of the party's 374 MPs wanted Mrs Thatcher to go before the next election. Government sources, however, said they were not going to respond to "a media

The same surveys indicated that Mr Michael Heseltine, the former Defence Secretary, was regarded by MPs as the person

most likely to replace her.

Mr Heseltine yesterday
repeated his now familiar response that he could see no circumstances in which he would challenge Mrs Thatcher, who he believed would lead the party to victory at the next election.

challenge Mrs Thatcher would lose, and he "would not give much for his chances either when her retirement finally Mr Cecil Parkinson, the Energy Secretary, acknowledged concern about the par-

any other potential challengers received an outspoken warning from the leader of 100 loyalist

from the leader of 100 loyalist Tory MPs that they would be "slaughtered" in any challenge later this year to Mrs Thatcher.

Mr George Gardiner, chairman of the 92 Group of Tory loyalists, said there was an attempt by the media to panic the marty into taking "unwise

the party into taking "unwise and self-defeating actions." He did not mention Mr

Heseltine by name, but claimed that anyone unwise enough to

Even so, Mr Heseltine and **UK** engineers protest against employers' roll in new community tax

By Our Labour Editor

THE Engineering Employers Federation has protested to the Government over the legal responsibility being placed on employers to deduct community charge debts from the wages of workers who default on the new tax.

The KEF says there is widespread concern among its 5,000 member companies over the right given to local authorities

right given to local authorities to obtain a court order requirto ovain a court other requir-ing employers to deduct poli-tax arrears from workers who do not pay in full.

The EEF, the largest indus-

try employers' group, says that this responsibility will place an unnecessary burden on busi-nesses. It has also protested about the wider use of attachment of earnings orders by istrates' courts.

The move comes amid wider attempts by employers to adjust to the effects of the com-

munity charge. Employers in industries such as hotel and industries such as note: and catering have altered pay and conditions to cope with the tax.

The poll tax has created particular problems for employers providing tied accommodation with jobs. Unions representing employees who had avoided rates bills are pressing for higher wages in compensation.

higher wages in compensation.
The EEF has protested to Mr
Chris Patten, the Environment Secretary, and Mr John Red-wood, Under Secretary for Cor-porate Affairs, at the introduction of magistrates' courts liability orders for poll tax defaulters.

It says the granting of such orders will "place a significant additional burden on businesses" because they may involve employers paying sums to several local authorities as well as having to calculate

NHS pay study criticises slow pace of change

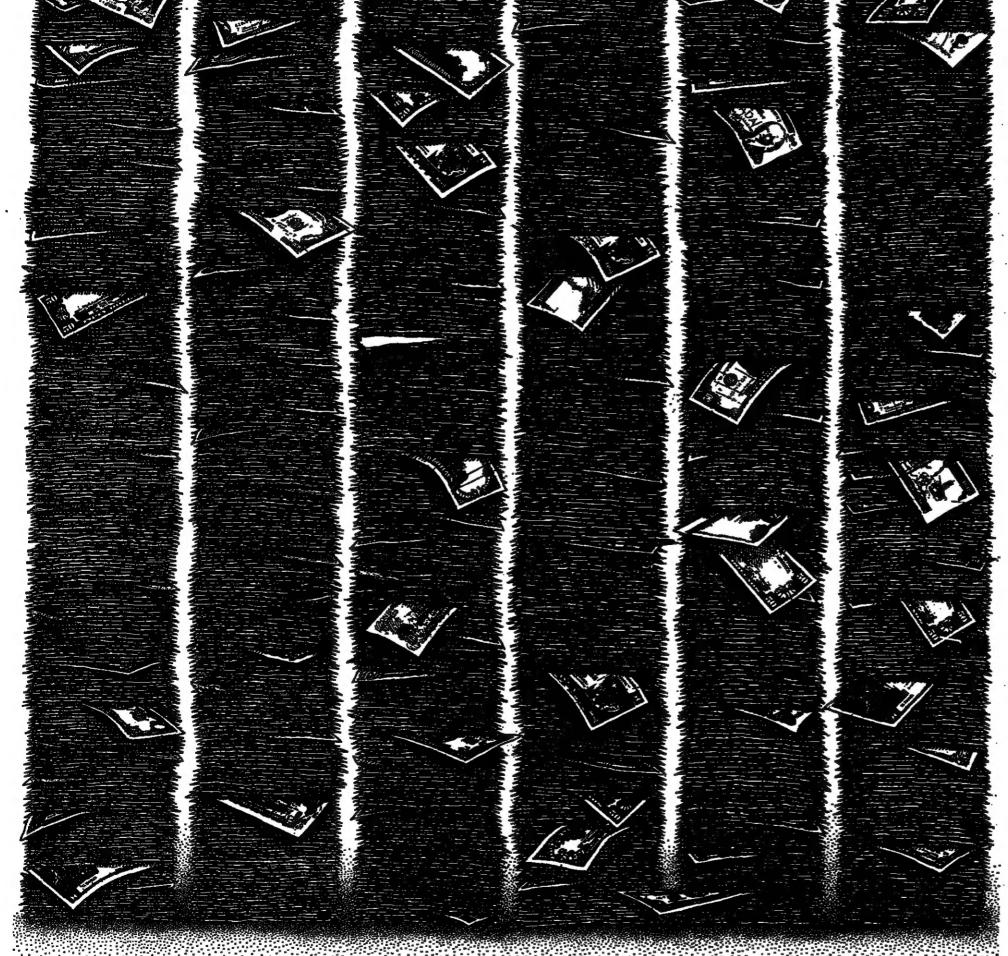
Perfect

PAY FLEXIBILITY is beginning to appear in the National Health Service but the pace of change is too slow, according to a study by the Public Finance Foundation.

Mr Chris Trinder, senior research fellow at the foundation and author of the report

tion and author of the report, says significant changes will be able to cope with growing recruitment and retention The report says that during the 1980s little change took place in the NHS pay structure for ancillary staff, one of the largest NHS groups. Moreover, differentials were squeezed at a time when those in the private

Reform of nurses' pay has been more successful under but Mr Trinder said there was a case for giving NHS manag



Two billion reasons we had a good year in 1989.

Surplus. Two billion dollars worth.

It's the financial resource that gives us strength and security-a cushion against economic uncertainty.

Last year, assets under our management surpassed 25.6 billion dollars. And since 1979, our surplus has increased by almost 400%.

Our policy of prudent risk taking ensures profitability. It allows us to maintain a very strong balance sheet. Our size, and strength, enable us to be flexible. Diverse. To act with the benefit of 103 years of

experience behind us. And always, we have maintained a clear financial vision with an active international presence - with 200 offices in 12 countries.

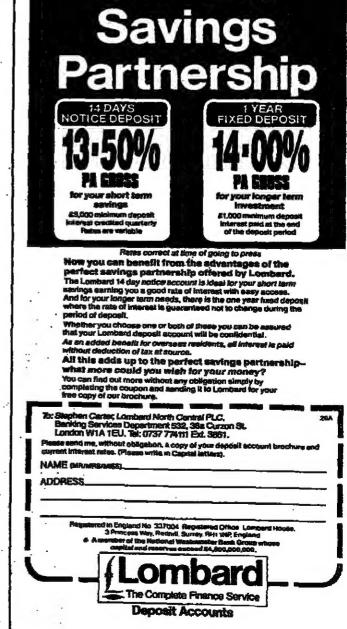
Since 1887, when we were founded as The Manufacturers Life Insurance Company, we've learned the importance of changing with the times. Now, as Manulife Financial we are continuing to evolve. In an ever changing global marketplace, we'll always be able to bring you the best insurance, pension, real estate and financial products, backed by the best service possible.

It all adds up to peace of mind. Plus the confidence of knowing we'll always be there when you need us.

For two billion dollars in surplus gives us staying power in a climate of economic change. And reason to foresee many more good years to come.

Manulife Financial





UK NEWS

Investment

by pension

schemes to

be studied

Pensions Correspondent THE Department of Social

Security is to carry out a sur-vey to determine the extent of

investment by pension schemes in their parent com-

Mrs Gillian Shephard, the junior Social Security Minis-ter, said the results of the sur-

vey would be used by the Gov-ernment to determine the format of the legislation used to control schemes' self-invest-

ment.
The Social Security Bill, currently before Parliament, will give the Social Security Secretary power to regulate "employer-related" investments by company pension schemes. The move is among measures to improve security for members and pensioners in such schemes.

Employer-related invest-

By Eric Short.

Banks and societies face loss of savings income

By David Barchard

BURE DINGER TOWN THE SEASON

ers' roll

nity tax

THE STREET STREET STREET

criticisa«

married couples, according to a report published today.

UBS Phillips & Drew, the firm of City stockbrokers, says building societies are likely to lose up to £5bn a year of savings as investors switch to unit trusts and other investments that escape composite-rate tax and can pay their

investors gross.

Last year, total savings receipts flowing into the building society industry amounted to £16.5bn. Several cash-based money market unit trusts, including MIM. Pritannia and cluding MIM Britannia and Fidelity, are designing invest-ment accounts to draw customers away from the banks. The report predicts that unit trust savings inflows will virtually double this year, rising from £3.9bn in 1989 to £7bn.

Independent taxation, announced by Mr Nigel Law

BANKS AND building societies stand to lose as much as a the 1988 Budget, means that Smaller building societies, third of their annual inflow of savings because of the introduction of separate taxation for married couples, according to a report published today.

son, the former Chancellor, in tors to other forms of saving. Smaller building societies, which rely on replies to press married couple will enjoy tax advertising rather than a branch network, are thought to the particularly at risk.

Smaller building societies to press married couples, according to a report published today.

xemption.
If a husband transfers that amount to his wife in an irrev-ocable gift, the couple will be able to reduce the effects of composite-rate tax which is deducted at source and cannot be refunded.

Building societies have been lobbying the Government for a lobbying the Government for a change in the law when Mr John Major, the Chancellor, announces his Budget next week. Those with offshore accounts that can pay gross rates have been trying to draw the matter discreetly to the attention of their investors, although they are prevented from direct advertising.

Other societies have been Other societies have been silent on the likely impact of

independent taxation, fearing a stampede among their inves-

aware of the possible handicaps of independent taxation for nearly two years, although it is only in the past two months that they have begun to lobby the Government.

They hope the Government will lighten the effects of independent taxation on them in pendent taxation on them in the Budget, either by allowing societies to pay gross interest: or by ending the right to reclaim tax on alternative

However, any change would add significantly to the work-load of the Inland Revenue, with about 2m taxpayers likely to take advantage of any

The Effects of Independent Taxation: UBS Phillips & Drew. 120 Moorgate, London EC2.

Employer-related investment includes shares in the
employer company, loans to
the employer and land and
buildings eccupied or used by
fine employer.

The Occupational Pensions
Board said such investments
should be limited to 5 per cent
of fine assets of a pension
scheme, while the National
Association of Pension Funds
has recommended no self-investment by company pension

vestment by company pension schemes as good practice. Mrs Shephard told MPs that employers had outlined the possible effects on their basinesses and pension schemes if they were required to dispose of such employer-related assets too quickly. Information on the extent of

self-investment is sketchy, and the Government and the NAPF, dispute whether the number of companies involved — at least 23 per cent — is static or ris-

The proposed survey will provide the Government with up-to-date information on the extent of the practice, the sectors in which it is concentrated and the difficulties that will arise in limiting self-investment.

restment.

The report is intended to be completed by the summer so that the Government can introduce the necessary regulations soon after the bill

Power companies forgo two properties THE GOVERNMENT has stripped the main electricity

generating companies of two London properties, believed to be worth well over £100m, before the companies are sold as part of the industry's forth-

coming privatisation.

It has done so to avoid charges of selling off valuable public assets too cheaply, and thus allowing the new owners to make big profits on the open

The properties are Sudbury House, the 17-storey headquar-ters of the Central Electricity

ters of the Central Electricity
Generating Board near St
Paul's Cathedral, and Bankside
Power Station, a disused oilfired station on the opposite
side of the Thames.

Under the share-out of the
CEGB assets, Sudbury House,
worth at least £75m, was to
have been handed to National
Power, the larger of the two
generating companies that will
inherit its non-nuclear power
stations. PowerGen, the other
non-nuclear company, was to
have owned Bankside Power
Station.

tation. However, Mr John Wake-



decided to retain both buildings in the private sector by assigning them to Nuclear Electric, the new state-sector company that will operate the nuclear stations.

He apparently feared that if the generating companies had sold the sites to property devel-

John Wakeham: fears repeat of row over Rover sell-off opers, he would have brought about a repetition of the rows that followed the sale of Rover and the Royal Ordnance Com-

He therefore turned down proposals by National Power that the Government should be able to claw back part of any from selling Sudbury House. Its precise value, provision ally estimated to be at least £75m, will be determined by the plans to redevelop the whole Paternoster Square area adjoining St Paul's Cathedral. Bankside Power Station is

also on land that attracts inter national interest, not least because of the area's associa-tion with William Shakespeare. A replica of Shakespeare's Globe theatre is being con-structed nearby, and in the past year archaeologists have uncovered the original sites of the Globe and Rose theatres.

Although National Power's main headquarters are to be based at Swindon and Harrogate, it plans to keep 440 of its Sudbury House staff in London and will be seeking permanent accommodation for them.

Mr John Baker, chief executive, yesterday said that it would not be convenient for

would not be convenient for them to leave Sudbury House until after the company is floated next year. Sudbury House also accom-modates some Nuclear Electric

Property unit trusts shrink as commercial sector concern rises

By Paul Cheeseright, Property Correspondent

FEARS of a further downturn in the commercial property market are prompting pension who want to buy them, reported that there were more demands to sell than there market are prompting pension funds and charities to withdraw their investments

from property unit trusts. Figures from the Association of Property Unit Trusts show that, in the last quarter of 1969, the value of units redeemed from the trusts was more than three times the amount of new subscriptions.

Redemptions have continued

during the current quarter, said Mr Peter Archer, the chairman of the association and surveyor to the managers of the Lazard Property Unit

Mr Archer said: "All funds Mr Archer said: "All funds are experiencing redemptions. It is unlikely anybody is raising new money. We are in for a period of shrinkage."

UBS Phillips & Drew, the stockbroking firm, which runs a service matching those who want to sell units with those

were to buy. Property unit trusts -so-called unauthorised trusts are used by tax-exempt funds to invest relatively small amounts in property.

Regulations are being drawn up for authorised trusts that would be open to the public to invest in. Pension funds and charities

Pension funds and charities stepped up their investment in trusts from mid 1967 onwards, when the property market was rising, but seem to have become progressively more disenchanted during the second half of 1969.

In the year to last September, new subscriptions in the trusts were £71.2m and redemntions came to a total of

redemptions came to a total of £28.7m.

However, in the last three months of 1989 redemptions were £63.3m while new

subscriptions amounted to

At the end of last year, the pension funds and charities had £2.12bn invested in property unit trusts, fractionally less than the smount invested three months before. Just over \$1.500 was invested in UK property.

Redemptions are taking place at present against the background of alipping returns, it can take up to six months for a fund to receive its money back

months for a fund to receive its money back.

In 1983, according to the UBS Phillips & Drew index, which is based on the performance of 12 trusts, the average annual rate of return was 323 per cent. Last year, however, the return was 23.1 per cent.

That performance has mirrored the property market, from which year-on-year returns reached a peak in January 1989 and have been.

January 1989 and have been aliding ever since.

in 1989 hotel occupancy By David Churchill, Leisure Industries Correspondent

shows that the average occu-pancy rate for English hotels dropped from 60 per cent in 1968 to 57 per cent last year. Mr Geoff Parkinson, a Hor-math and Howwith director

wath and Horwath director responsible for the study, said: "This means that room occu-pancy last year only reached 1986 levels and indications so

far suggest that 1990 will not see any dramatic improve-ments. London hotels have been particularly hadly affected by the decline, with average room occupancy falling to 69 per cent last year, down from 73 per cent in 1968 and 76 per cent in 1967.

The cause of the slide in occupancy rates is uncertain, according to the survey.

There does not seem to be a direct correlation with the rise

HOTELS in England in interest rates," says Mr Parexperienced a downturn in
trade last year, according to a
report published today by the
consultancy firm Horwath and
Horwath.

The survey of 550 hotels
The survey of 550 in the number of overseas visi-tors booking into English hotels and in the lengths of

their stays.

The survey also shows that the decline in occupancy levels last year was fairly evenly split between business and leisure

The slowdown in room occu-pancy in English hotels comes at the same time as a gint of UK hotels on the market. Last week, the Bass brewing

Last week, the Bass brewing and hotal group announced that it was seeking offers for its 47-strong Crest hotel chain — likely to fetch at least \$400m — while Allied-Lyons put its Embassy hotel chain on the market before Christmas.

Hotel Occupancy Survey 1989.
Horwork and Horwork/English Tourist Board. 3 Baker Street. Tourist Board. 8 Baker Street, London W1. £375.

Pessimism after downturn | Consumption of chocolate falls but imports up 53%

By Clay Harris, Consumer Industries Editor

BRITAIN became a net in 28 per cent. The combined share of Rowntree and Nestlé, the Swiss company that bought the York-based confectioner in

1989, according to Manufactur-ing Strategies for Industry esti-mates published today.

Because of the hot summer, however, British consumption of chocolates fell by 1 per cent, and many tonnes of the imports went into stocks or were wasted.

MSI, the research group, said MSI, the research group, said a 53 per cent surge in imports to 84,000 tonnes, compared with a 14 per cent rise in exports to 73,500 tonnes, had not been explained.

Its best suggestion was that foreign manufacturers operating in the UK had increased imports from subsidiaries in anticipation of another strong rise in demand like that in

anticipation of another strong rise in demand like that in 1988. It expected the UK to return to being a net exporter. Cadbury Schweppes, which noted the summer's depressing effect on chocolate sales in its 1989 results recently, retained market leadership, aithough its share slipped from 29 per cent

1988, remained steady at 26 per cent, just ahead of US-based Mars, unchanged at 25 per

UK consumption of sugar confectionery fell by 2 per cent

Cadbury's acquisitions of Trebor and Bassett increased its market share to 25 per cent by the year-end, more than double that of its nearest rival, Rowntree.

The main growth areas in chocolate confectionery are premium, Continental-style premium, Continental-style chocolates and products containing "healthy" ingredients such as cereals, mus and dried fruit. The greatest prospects in sugar confectionery were for softer chewy products, such as gums and pastilles, MSI said.

MSI Databriefs: Chocolate Confectionery UK and Sugar Confectionery UK. 32 Mill Green Road, Mitcham, Surrey CR4 4HY. £150 each.



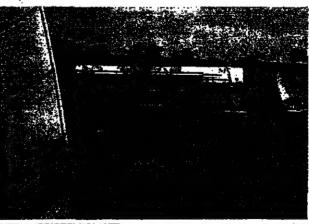
The control of the co

M. SAKURAL MAN DIRECTOR RICOH UK PRODUCTS



K. KUROWA, MAN. DIRECTOR, KIYOKUNI EUROPE LTD., TELFORD.

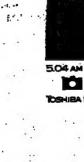




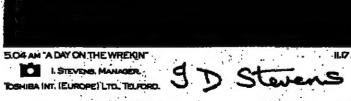
12.53 PM "PRIORSLEE LAKE" A TODA, MAN. DIRECTOR IEC TECHNOLOGIES LIKLTD. TELPORO. WWW.



Y YUGUCHI, MAN, DIRECTOR EPSON TELFORD LTD. G. GARA







TOP JAPANESE BUSINESSMEN EXPOSE THEIR VIEWS OF BRITAIN



K. TAKASI, MAN, DIRECTOR, NIKON UK LTD., TELFORD.



T UEMURA, MAN, DIRECTOR



SET UP THEIR EUROPEAN OPERATIONS IN TELFORD.



APPOINTMENTS

United Dominions Trust

THE **EUROPEAN WATER**

London 26 & 27 March 1990

Speakers include: -

The Rt Hon Christopher Patten, MP Secretary of State for the Environment

Mr Martin Grüner Federal Ministry for the Environment, Nature Conservation & Nuclear Reactor Safety,

The Rt Hon The Lord Crickhowell National Rivers Authority

Mr Roy Watts, CBE Thames Water plc

Mr Ian Byatt Office of Water Services

Madame Christine Morin-Postel Lyonnaise des Eaux

Mr Michael Swallow The Water Companies' Association

Mr Christopher Timbreil Coopers & Lybrand Associates Limited

Mr Adrian White **Biwater Limited**

Mr Nigel Hawkins Hoare Govett Investment Research

Mr David Gadbury Southern Water pic

Mr Michael J Rouse Water Research Centre (1989) plc

> Please send me a Conference programme. A limited amount of exhibition space at the Please tick box for further details.

> For information please return this advertisement, together with your business card, to: **Financial Times**

Conference Organisation 126 Jermyn Street, London SW1Y 4UJ

Alternatively, Telephone: 01-925 2323 Telex: 27347 FTCONF G Telelex: 01-925 2125

UK NEWS

Society lingers at the crossroads

David Barchard on the aftermath of a flotation that never was

HINKING strategically is a great luxury, in the opinion of Mr Ben Thompson-McCausland, chief executive of National & Provincial Building Society. "In this society." he says, that luxury

On Wednesday, the society. which has assets of £8.4bn, will announce pre-tax profits for 1989 of about £108m. That represents a rise of 14.8 per cent on the £94m of 1988 and 12.8 per cent growth in the society's

It is a fairly respectable end to a grim year in which National & Provincial has dropped plans for a stock mar-ket flotation, had a serious boardroom upheaval and lost several people from among its senior management.

Its profits growth is never-theless much weaker than at either Cheltenham & Gloucester or Bradford & Bingley - the two societies immediately below it in the league. Both the latter increased their pre-tax profits by more than 25 per cent

An extraordinary item of near £6m in write-off costs is the main relic of the building society flotation that never happened. A year ago, National & Provincial was sending out signals that it would follow Abbey National to the market early in 1990, in what would en the second building

society flotation. However, in October there was a sudden change of direc-tion and flotation plans have since been delayed indefinitely. At the time, plans for the flotation were well advanced, with N&P believed to have already retained registrars. Just what went wrong is widely debated among the



Ben Thompson-McCausland: drawing a new logo

other building societies. Mr Thompson-McCausland blames the depressed state of the hous-ing finance market. We felt the market was definitely deteriorating, he said.
He describes as absolutely fallacious claims made in the press that National & Provin-

cial was not given the go-ahead for conversion by the Bank of gland. In the building soci-England. In the building society industry, several chief executives privately accept a simpler explanation. They think that as the society entered the final stages towards the launch, National & Provincial's board realised that it was not ready for it. Mr Thompson-McCausland

denies suggestions that Mr Richard Newton, N&P's chair-man, has adopted a more dominant role in the daily life of the society since retiring last autumn as Bursar of Trinity Hall, Cambridge. Mr Newton was not available to comment. In 1988, Mr Thompson-McCausland concedes that N&P constricted assets growth

in order to increase its profits. However, in a rapidly changing industry it has faced chal-

lenges on several fronts.
One was to bring down management costs. Those soared after a merger with the Burn-ley in 1982 and have run consistently above the average for the industry, although they have steadily improved in the last three years.

Its core business has also not

sparkled. N&P's share of net mortgage advances fell from 5.2 per cent in 1987 to 2.89 per cent in 1988, while its share of the building society savings market dropped from 2.78 per cent in 1987 to 1.68 per cent a vear later.

N&P's strategic dilemma arises less from its performance record than from its place in the market. Too large to have a regional niche posi-tion, N&P is not yet large enough to join the top four societies and become an all-round player in the UK retail banking markets.

That means that its customers expect a fairly wide range of personal banking products — hence N&P's Visa card, launched last year — but high costs deter the society from starting a cheque book current

For the past three years, N&P has set its sights on grow-ing to become one of the top 15 players in the UK personal financial market by 1998. The original target date of had been

In pursuit of that goal, Mr Thompson-McCausland, who joined N&P from London Life in 1987, has pushed diversificauring. By introducing a new logo – an eyeless but cheerful bee – he has raised the

society's profile and made it one of the best known in the

He has also been able to develop the other areas in which N&P has an advantage. Its treasury operation is regarded as one of the best among the building societies.

On the other hand, it has stayed out of the costly race to buy up estate agencies. In a pioneering move last year, N&P set up its own life assurance subsidiary in a joint

"The trouble is that the turnround in corporate culture has just gone too fast. We get a stream of job applications from N&P staff," says the chief executive of a neighbouring

changes too fast, it risks alien-ating its traditional customer base and its own branch staff." Some of the losses have been deliberate. In January, N&P shed 80 jobs in a restructuring exercise that shut six branches and reduced the number of districts from 80 to 44, slimming down the number of middle

managers. However, there have been other departures that bode less well. Mr Kenneth Andrews marketing director, quit the society in January amid much publicity, voicing concern over the society's strategy. Since then, N&P's chief stra-

tegic planner and its brand specialist have also gone. A new finance director is being sought; the choice of candidate to fill the post will be a clue to the direction the

society intends taking.
For events seem to have left N&P, almost alone among the top ten building societies, still waiting at the crossroads.

Mr Hamish Paton, recently appointed managing director, TSB Banking Services, which includes UNITED DOMINIONS

TRUST, additionally becomes executive chairman of UDT. Mr John Davies is promoted to managing director from director, field operations. He is succeeded by Mr Roy Sterry who was director central

operations. Mr Gordon Bird ecomes director, business finance operations, taking responsibility for asset finance and fleet finance. He was venture with General Accident. director, technology and management services.

COUNTY NATWEST INVESTMENT
MANAGEMENT has appointed
Mr Nigel Lester as chief executive. He was with Aetna He adds: "If a society Life & Casualty, US, where he was senior vice president and chief investment officer,

international division.

CITIBANK has appointed. Dr Paul Chertkow as chief currency strategist from March 15. He joins from Drexel Burnham Lambert where he is managing director and chief international economist. He will be the bank's principal European spokesman on currency economic matters. Before joining Drexel in February 1989 he was managing director, economics, with Security Pacific Hoars

SCHRODERS has appointed. as non-executive directorsSir Ralph H. Bobins, deputy chairman of Rolls-Royce, and chairman of Rolls-Royce Industries; and Mr Charles J.F. Sinclair, group chief executive of the Daily Mail

and General Trust. ■ Mr Fred Pointon has been appointed director of corporate banking, UK, NATIONAL WESTMINSTER BANK. Mr Alistair Beeston has succeed him as director of corporate

■ BRITISH RAILWAYS BOARD has appointed Mr Charles Brown as director, policy unit, from April 16. He succeeds Mr Richard Allen who returns to the Department of Transport.

■ LLOYDS BANK has appointed Mr Norman Mitchinson as general manager, support and

makes senior changes development, UK retail banking. He was assistant general manager, systems and support services. His responsibilities will include managing change throughout the bank's UK retail operations, including equipping and supporting the retail branches.

> ■ Mr Bill Kennedy has joined the McLAREN BUILDING GROUP, Glasgow, as construction director.

Mr Ulrich Zierke has been appointed a deputy chief executive, and Mr Ranjit Mathrani, Mr Michael Milbourn, and Mr Peter Sargeant have been appointed managing directors of CHARTERED WESTLB, jointly owned by Standard Chartered and Westdeutsche Landesbank.

THE PROPERTY TRUST has appointed Mr Charles Y.K. Lee as a non-executive director. He is a senior partner with a firm of Hong Kong solicitors, and is on the general committee of the HK stock exchange. He is also a director of a number of HK companies, including the Cheung Kong, Hutchison Whampoa, HK Electrical Group, Henderson Group, and New World Group. PIC HERE ID NO: 377



Mr Derek Fairbairn (above) has been promoted to vice chairman of BRITISH GYPSUM, a subsidiary of BPB Industries. Mr Fairbairn was previously on the British Gypsum board as deputy managing director (overseas) and more recently as a director of BPB Gypsum Industries. Mr David Pougher, production manager, has been promoted to production director of British Gypsum.

Volume of direct mail doubles in decade

THE VOLUME of direct mail -"junk mail" - doubled in the 1980s so that the average household now receives about five unsolicited items of mail

every month.

The latest statistics from the Direct Mail Information Service show that more than 2bn items of direct mall were deliv-ered in the UK last year, com-pared with fewer than 1bn at

Developments in information technology have helped companies to use direct mail more efficiently to reach particular groups of consumers. The introduction of 0800 telephone lines, used for special ordering services, has made it easier for consumers to buy products and services advertised by direct

As a result, direct mail has become one of the most buoy-

ant areas of the marketing services industry. The amount of money spent on direct mail rose steadily throughout the 1980s. It rose by 22 per cent to an estimated £650m last year, according to the DMIS.

Mail order companies are the most active users of direct mail, followed by insurance companies. Banks, retailers and travel companies are also

Some households are more likely to receive direct mail than others. The wealthier the household, the more likely it is to be bombarded by junk

Almost all households receive at least one item of direct mail a month. But AB households – the most affinent social group - receive at least two unsolicited letters

Before we saw a customer in every individual. Now we see an individual in every customer.

Businessman is a businessman is a busi-

nessman is a businessman.

That, in a nutshell, is how we viewed our customers in the 80s.

to an end. Emerging is a far less predictable indi-

Now the age of the stereotype has come

vidual. One whose needs vary just as much, whether he or she happens to be in business or not.

Enough of philosophy, here's the beef. Together with a few enlightened partners, we're now busy building a network of airlines, hotels, and other services that will

embrace the world.

So be it.

As well as your needs, no matter where

You may well want every conceivable service on your trip. Or maybe you relish the idea of travelling quite unassisted.

The whole point is we'll let you decide what you need, and when you need it. Individual is an individual is an individual is an individual.





Can one company keep watch on the weather and on your unborn child?

Toshiba know how important the health of your unborn child is to you.

Which is why we've developed our Ultra Sound Diagnostic Scanner to offer peace of mind to prospective parents.

And because your own health is just as important, the Ultra Sound Scanner also

diagnoses heart and other internal health problems. But at Toshiba we don't just monitor what's going on inside you; we also keep a watch on what's going on around you.

The Toshiba radar rainfall monitoring system is designed to alert local governments to unexpectedly heavy rainfall, so it gives plenty

of advance warning for extra drainage and emergency pumps.

Toshiba's commitment to our society has produced two very different products, both designed to look after you.

As a world leader in LSI technology, Toshiba have the ability to make both possible.

In Touch with Tomorrow
TOSHIBA

FOR FURTHER IMPORMATION: TOSHIBA MEDICAL SYSTEMS LTD., MANOR COURT, MANOR ROYAL, CRAWLEY, WEST SUSSEX REIO 2PY. TEL: 0293 56077

NEWS IN BRIEF

Business

directors

rate divides

THE new uniform business

rate has drawn a "very mixed"

response from company direc-

tors, an Institute of Directors

survey showed yesterday.

The rate was "good news for northern manufacturers who

have suffered an excessive rates burden for many years, and bad news for retailers in

the south — in other words, good for exports, bad for imports," the IoD said.

which comes into effect on

April 1 with the poll tax works

out at about 35p to each pound

of a business property's rate-

able value. Directors have until

September 1 to appeal. Just under half of the 200 directors

polled said they were consider-

ing appealing and 42 per cent said their new overall rates hills would be higher. Four out of five directors, however, thought that the new business rate values would not

significantly affect the viability

THE single European market will provide "only meagre pick-

ings" for British industry and half Europe's companies will cease to exist in their present form by the end of the decade,

Market warning

The uniform business rate,

Scots Labour move on poll reform

By James Buxton, Scottish Correspondent

THE LABOUR Party in Scotland took an important step away from the first-pastthe post electoral system at the weekend but stopped short of explicitly endorsing propor-

tional representation. In a vote on the electoral system for a future Scottish parliament, Labour's Scottish conference in Dunoon, Strathclyde, approved a resolution calling for a system that "fairly rewards parties with represen tatives broadly equal to the votes cast." The card vote was 372,000 in favour and 285,000

against. The resolution referred to the inadequacies of the first-past-the-post system but did not specifically mention proportional representation.

A separate statement by Labour's Scottish executive which defined proportional representation was defeated.
Mr Donald Dewar, the shadow Scottish Secretary, said in his keynote speech later that the votes were "an indication of a wish to look at electoral reform. We got a state-ment of intent, not a solution

Study urges

more tax

By Rachel Johnson

month's Budget

on alcohol

the present taxes on economic.

hol consumption have both risen over the same period.

Alcohol duties should therefore be increased at least in

common with inflation, it says.

That would add 1.7p on a pint of beer, 6.4p on a bottle of wine and 42.4p on a bottle of spirits, according to Alcohol Concern.

Up-rating excise duties might produce an estimated

£200m in revenue and help to prevent excessive use, but there was little evidence that

the Chancellor would adjust alcohol duties in this Budget.

"Such a policy has little regard for health and social considerations," the IFS report

says. Indirect tax harmonisa-tion in 1992 would mean a fur-

ther hig cut in alcohol taxes.
The IFS proposes a level-

the higher band currently paid on spirits. It says that would

not have a "disproportionately

unfair" effect on lower-income

Institute of Fiscal Studies commentary C21. The Structure of Alcohol Taxes: A Hangover

from the Past? By Paul Baker and Stephen McKay. IFS, 180-182 Tottenham Court Road,

London WIP 9LE, 26.

alth and social grounds.

THE SCOTTISH Labour party yesterday reaffirmed its commitment to unilateral nuclear disarmament, contrary to the defence strategy adopted by the party's national confer-

Delegates backed the removal of all nuclear weapons in the lifetime of the next Labour Government - against Labour's official policy of disarmament by a mix of multilateral, bilateral and unflateral means. The majority, however, was considerably nar-

rower than in past years and the party's national leadership appeared relaxed over the

A party official said: There has been a long-standing and emotional commitment to unilat-

defined and sharpened." Sup-

porters of proportional repre-

sentation, however, regard the outcome as an historic first

step on the road to achieving their objective. Labour is a big beneficiary of

the first-past-the post system in Scotland, having nearly 70 per cent of the Scotlah MPs on the

basis of 42 per cent of the vote at the 1987 general election.

Labour's continuing policy review process. liament, which Labour is committed to introducing if it wins the next general election,

would be unacceptable.

The issue of proportional representation has come to a d because the party has to decide its stance for the constitutional convention. Both Labour and the Liberal Democrats are represented on the convention, which is drafting a constitution for a Scot-

itly pro-proportional represen-tation statement will come as some relief to party leaders in London who, while allowing the party in Scotland to make its own decision for a Scottish parliament, reject the idea for

eral disarmament in Scotland but the party is

moving away from it fast."

The official continued: "The vote last year

was overwhelming but this time it just

the 1989 conference, delegates supported by a 12-1 majority calls for the next Labour Govern-

ment to cut spending to the western European average, thus freeing resources for peaceful

The spending decision, like that at last year's

annual conference, is not supported by the party leadership, which has made clear that such votes would not take precedence over

queaked through. They are coming into line." In another decision that reflected a vote at

In a vigorous debate Mr George Foulkes, MP for Car-rick, Cumnock and Doone Val-ley, said Labour was being "bounced into this debate by a few Liberal Democrats."

its time, and to reject a system that could strengthen the power of party officials and hand control to small minority

Mr Gavin Strang, MP for Edinburgh East, said: "If you are serious about a Scottish parliament then we have to recognise that we cannot insist

on first past the post."
Mr Gavin Laird of the AEU engineers' union, which with the Transport and General Workers' Union has played a crucial role in swinging Labour in Scotland towards propor-tional representation, said supporters of the status quo wanted "power at any price." He called on Labour to "set an example for Westminster because once we win in Scot-land we will win at Westminster also."

Mr Dewar also struck a cautionary note on the process of constitutional reform, calling for "practical, sensible reforms which a Labour Secretary of State can recommend, that a and the House of Commons will pass."



Neil Kinnock: address to conference on Friday

Joe Rogaly argues that Labour's chances may be best without the security of first-past-the-post voting

THE EXISTING structure of alcohol taxation is a "hangover from the past," according to a report advocating a wholesale reform of the system in this

The report, published yester-day by the Institute for Fiscal Studies and financed by Alco-hol Concern and the Health Education Authority, attacks It points out that main alco-hol duties have been largely unaltered in the past two Bud-gets, so their real value has fallen. Real incomes and alco-

representation at bay.

Mr Kinnock and his circle

rewards parties with represen-tatives broadly equal to the number of votes cast . . . " If that is not a definition of proportional representation, it is hard to say what is.

Yet proportional representa-tion is not called by its own name in the resolution. That is name in the resolution. That is why the national leaders of the Labour Party think there is still time to fight a rearguard action. They are too excited at the thought of gaining sole power in Westminster to see that sticking to first-past-the-post in Scotland will make it harder for them to win a general election.

tional representation (or, aiternatively, the single transfer-able vote) is the least the Labour Party can offer the Scottish constitutional conven-

have declined to participate in the convention, and the Scot-tish National Party laid down impossible terms. That leaves the former Alliance parties and

A complete failure of the constitutional convention would leave Labour without any credible alternative to the

result in a draining away of support in a few key constituencies; the consequence might very well be that the Tories would increase their Scottish representation at Westminster in the next general election at a time when they are almost certain to lose seats nationally.

THIS puts Labour on the spot. Every seat lost to the Scotnats or the Conservatives north of the border would have to be made up for in the more difficult territory

down south.

Even when this argument is accepted, the fear in London remains. Grant proportional representation in Scotland and

of the House of Lords and, of course, future elections to the European Parliament.
Although all of this is implicitly allowed for in Labour's policy review, the closer it comes, the more it is disliked by the anti-proportional representa-tion members of Labour's front bench, of whom the Deputy Leader, Mr Roy Hattersley is

the most conspicuous. The reason is that if all that territory is lost to proportional representation, it will be extremely difficult to defend the final redoubt, the House of Commons itself. While Labour commons itself. While Labour is so far ahead in the opinion polls, its more optimistic leaders imagine they have a chance of winning the next general election outright; they do not wish to share power after that. What they will not confront is the possibility that they are kidding themselves. There are

still more than two years to go before an election must be held. It is highly improbable that the Labour lead will remain high enough for all of that time to give it the biggest electoral swing in history and an overall majority.
In those circumstances,
Labour will depend in part

upon winning voters who for-merly supported the Alliance. Several polls indicate that they stand a better chance of doing so if they lean towards elec-toral reform. Thus it could be that to win at Westminster. that to win at Westminster next time they have to accept proportional representation for Scotland and the other assem-

hiles, and take their chances on one day having to share central power itself.

My guess is that if Mr Kinnock concludes that this is what he will have to do to win, he will do it

Foreign Office, where he stayed until Labour's defeat in the 1970 general election. Michael Stewart's determina-

tion to succeed was evident from an early age. Starting his education at a London County

Council elementary school, he won a scholarship to Christ's

Oxford, where he gained a first-class honours degree in Philosophy, Politics and Economics and became President of the Oxford Union in succes-

sion to Quintin Hogg, the pres-

Lord Stewart's wife, a magis-

it is claimed today. An article in IS, the magazine of the Industrial Society

says British companies would have to act fast to survive in the new competitive environment and gain from the single market would be "extremely The warning is given by Mr

Amin Rajan, author of 1992: Europe's Zero Sum Game, to be published by the Industrial Society.

He predicts that flerce competition and a new focus on customised goods and services will produce radical changes in the employment market. Many people will lose jobs because they lack skills needed by Europe's changing industry.

Unemployment, concentrated in manufacturing, will also be exacerbated by what the author terms "barriers to labour mobility" between regions and countries.

Bread additive ban POTASSIUM bromate, a flour POTASSIUM bromane, a nour improver, is to be bauned from British bread from April 1, but brewers will be allowed to con-tinue to use it in maiting as long as more refined testing techniques fail to show any

trace of it in beer. The Federation of Bakers, members of which bake three out of four loaves sold in Britain, stopped using potas-sium bromate last autumn, minute traces had survived baking in some bread.

Pension launched THE City of Glasgow Friendly Society has launched a pension plan with contributions as low as £1 a week and what the society claims is a unique home collection service.

It is aimed at the self-employed and workers whose companies do not provide a

Belfast shooting A ROMAN Catholic man was shot dead by loyalist gummen in west Belfast yesterday. He was hit as he worked on All of the same

his car near the Falls Road, as Republicans prepared for a commemoration parade for

The gunmen were in a car hijacked earlier in the Protes-tant Shankill Road area. Sinn Fein said the victim had no

Republican connections.

There is widespread acceptance that a replica of that system for electing a Scottish par-The rejection of the explic-Kinnock considers how much to give away, to win

Scottland may yet lead the way to a reform of the British constitution. A small step was taken on Saturday when the Scottish conference of the Labour Party told its executive to come up with concrete proposals regarding

It could be a step forward or point of view. Supporters of proportional representation for a Scottish Assembly of the future regard it as a step forward; the national Labour Party leaders, including Mr Neil Kinnock's advisers, like to encourage the notion that it is at best a sideways move, designed to keep proportional

should think again. They could start by re-reading the text of Saturday's resolution, which specifies a system that "fairly

Lord Stewart of Fulham:

NOTICE TO THE WARRANTHOLDERS

ORIX CORPORATION

(FORMERLY NAMED AS

"ORIENT LEASING CO., LTD.")

USD 50,000,000
3% PER CENT GUARANTEED BONDS DUE 1992
WITH WARRANTS TO SUBSCRIBE FOR
SHARES OF THE COMMON STOCK OF ORIX

CORPORATION

Notice of an Adjustment to the Subscription Price applicable to the captioned Warrants is hereby given pursuant to the Terms and Conditions of the Warrants that:

The Board of Directors of ORIX CORPORATION resolved on 9th January 1990 to make a free distribution of shares to the shareholders of record on 31 March 1990, at a rate of 0.05 share for one share held.

The Missei Trust & Banking Co., Ltd 5th Ploor, 6 Broadgate London EC2M 27B

Accordingly, the Subscription Price (per share) of the above me Warrants will be adjusted as follows:

Effective date of adjustment: 1st April 1990 Tokyo Time

In political terms, propor-

tion, a supposedly all-party gathering. The Conservatives

LORD STEWART of Fulham, who died on Saturday at the age of 83, served as Foreign: Secretary twice in the Labour Governments led by Sir Harold

Wilson in the years 1964-70 and held a number of other impor-tant Cabinet posts, including

Secretary of State for Eco-

In 1979 he was given a life

peerage and he was active in the House of Lords until his

recent illness. But it will be as

Mr Michael Stewart, the MP for

Fulham for 34 years and as Foreign Secretary that he will

Michael Stewart, a schoolmas-

ter turned politician, had great charisma. He was shy and

8th March, 1990

No one could claim that

nomic Affairs.

the Greens, most local authori-ties, and the churches.

If Labour is to win their acquiescence in a new policy, and reach out to waverers in

the other parties, it must come up with something that does not imply permanent Labour administration. First-past-the-post voting would probably entrench Labour in a Scottish assembly until well into the next cantury; proportional rep-resentation or single transfer-able vote would give the others

nationalist policy of indepen-dence for Scotland. That could

withdrawn and derided by political enemies, and some-

dull and uninspiring.
Yet behind the self-effacing

and quiet manner lay a strong will, considerable ambition and above all, great moral con-viction and social concern. Nor

detract from his skills in Par-

liament, where he was widely respected for his intellectual

prowess and capacity for clear

exposition.
Michael Stewart first became

Michael Stewart hist became Foreign Secretary in 1965, when he was switched from Education Secretary after the resignation of Mr Patrick Gor-

don Walker. At the height of the Vietnam war he had the

NOTICE TO THE WARRANTHOLDERS

TOBAL CORPORATION

USD 50,000,000 4 1/4 PER CENT BONDS DUE 1993

WITH WARRANTS TO SUBSCRIBE FOR

SHARES OF THE COMMON STOCK OF

TOKAL CORPORATION (THE "COMPANY")

Personal to the Terms and Conditions of the shows mentioned Warmers, we hearing

The Board of Directors of the Company authorised on Stir March, 1990 to effice a fine distribution of shares at the rate of five (5) new shares for each one hundred (100) shares held at the time of the close of business on 31st March, 1990 Tokyo time.

Accordingly, the Subscription Price (per sham) of the above mentioned Warnatz will be edjusted, effective 1st April, 1990 Tokyo time, as follows:

og to the Subscription Price of the captioned Wagnests to be made as a result

ies even by colleagues, as

it will have to be used in elec-tions for Northern Ireland. Wales and Labour's proposed English regional assemblies, not to mention the elected sec-

commit British forces to that war, while still fundamentally

As a result, he came under heavy fire from the Labour

left, which felt that the Wilson

government was too sympa-

the Soviet government to join

Britain in calling a conference of all governments involved in

A CALL for higher taxation on environmentally damaging

the war.

supporting the US position.

Lord Stewart: twice Foreign Secretary under Wilson difficult task of warding off pressure from Washington to ble for introducing the Wilson government's controversial prices and incomes policy. He clearly looked upon the mea-sure as bringing greater justice into the distribution of wealth.

"I look forward to a time when you can work the prices vietnam. Acutely conscious of the need to bring the war to a speedy end, Mr Stewart appeared on Soviet television in December 1965 to averent the sound in July 1967. In spite of his apparent diffi-

dence. Mr Stewart very much considered himself a contender for the highest government

Appointed First Secretary of State for Economic Affairs in August

Mr Stewart was back at the

trate and hospital governor, was given a life peerage in her own right as Baroness Stewart in 1975. They had no children. Left-wing unit calls for green tax

ent Lord Hallsham

means of tackling pollution. Until now, the Labour Party has tended to support a regulatory approach.
"It would be particularly unfortunate," the report says, "to perpetuate the idea that the use of economic instru-

environmentally damaging products, with correspondingly lower tax rates on "green" products, is made today in a report published by the Institute for Public Policy Research, the new left-wing think-tank, writes David Thomas.

The report could be impor-

ments is a right-wing approach to environmental policy, while the regulatory approach is more ideologically sound for

cent value added tax (VAT) on environmentally damaging products such as phosphatebased detergents or batteries

using mercury or cadmium.
Those higher charges would
be complemented by reducing
VAT to zero on energy-conservation products and on services that discourage product

Green Taxes. IPPR, 18 Buckingham Gate, London SW1E

tant in prompting a shift in Labour Party thinking towards The report proposes 25 per taxation-based charges as a Ashdown resurrects

Democrats' ambitions By Michael Cassell, Political Correspondent

MR Paddy Ashdown, the leader of the Liberal Democrats, yes-terday launched an attack on the Conservative and Labour parties and resurrected his parties and resurrected his party's ambitions to create a left-of-centre political force capable of forming an alterna-tive government. Mr Ashdown, speaking at

the end of his party's two-day spring conference in Cardiff, said he was determined to make the Liberal Democrats the "moral voice" of Britain. The job of his party was not to support the present political system, but to break it.

With the party still languishing in the opinion polls, Mr Ashdown claimed that, after the turnoil that followed the split of the Liberal-SDP Alliance, the foundations were inplace to establish "a great reforming party."

He accused the Tories of debasing Parliament and attacked Labour for being prepared to "discard any princi-ple, abandon any convictions, adopt any policy, provided only that it could gain votes in the

In defining the Democrats' challengers to the Tories in political stance, Mr Ashdown seats that Labour had to win said it was "a free-market for general election victory."



Paddy Ashdown: "a great reforming party"

party, tough on competition: European in outlook and aware of the social and environmental context in which Britain

He said there remained "deep flaws" at the heart of the Labour Party that meant it would prove incapable of climbing the electoral mountain it

In the south, he said, the Liberal Democrats were the FIRST CONVERTIBLE SECURITIES FUND Société d'Investissement à Capital Variable 2, boulevard Royal LUXEMBOURG R.C. LUXEMBOURG B-24461 NOTICE

The Board of Directors informs the shareholders that a Merger Proposal (the "Merger Proposal") has been agreed as of 16th January, 1990 between FIRST CONVERTIBLE SECURITIES FUND (the "SICAV") and MERRILL LYNCH MULTINATIONAL INVESTMENT PORTFOLIOS-EQUITY/CONVERTIBLE SERIES (the "Fund").

The Fund shall comprise shares of category A and of category B of various classes corresponding each to a separate portfolio of assets, among which a class denominated "Convertible Securities Portfolio" with substantially the same investment objective and policies as those of the SICAV, as described in the Prospectus of the Fund, dated January, 1990.

Shares of each class are offered with two sales charge alternatives. Category A thates are subject to a sales charge ("dealer mark-up") payable at the time of investment. Category B shares are not subject to any dealer mark-up but are subject to a distribution fee assessed on these shares on a continuing basis with a contingent deferred sales charge normally assessed if the shares are redeemed within four years of issue.

The Merger Proposal provides for the exchange one by one of the shares in the SICAV against category A shares in the class "Convertible Securities Portfolio" of the Fund on an Effective Date which is anticipated to be on 9th March, 1990 subject to the extraordinary general meeting of shareholders of the Fund and the SICAV to be held on 1st March and 9th March, 1990 respectively, approving the Merger Proposal.

During the period from 13th March, 1990 to 13th April, 1990 any there cartificate issued by the SICAV may be tendered for exchange, at no cost, at BANQUE INTERNATIONALE A LUXEMBOURG, 2, boulevard Royal, Luxembourg, against share certificates of the relevant category and class of the Fund.

After 13th April, 1990, share certificates of the SICAV will no more be of good delivery on the Luxembourg Stock Exchange.

The Prospectus of the Fund is available at the registered office of the Fund at 2, boulevard Royal, Luxembourg. The Board of Directors

THE FISCAL AGENT SOCIETE GENERALE ALSACIENNE DE BANQUE LUXEMBOURG BRANCH

NOTICE OF OPTIONAL EXTENSION BY NOTEHOLDERS

CENTRAL-EUROPEAN INTERNATIONAL BANK LTD

USD 20.000,000 FLOATING RATE NOTES 1990

EXTENDABLE AT THE NOTEHOLDERS'S OPTION TO THE INTEREST

PAYMENT DATE FALLING IN AUGUST 1992

Notice is hereby given to the holders of the notes described above that, pursuant to

the provisions of the Fiscal Agency Agreement dated as of August 13, 1984 and

condition 6 of the notes, these notes, which will mature on August 16, 1990, are

subject to extension at the option of the noteholders to the interest payment date

falling in August 1992. To exercise the option in respect of any note, a noteholder

must surrender such note to the Fiscal Agent during the period commencing on

1st May 1990 through and inclusive of 30th June 1990 together with all unmatured

coupons. The Fiscal Agent shall retain the notes so surrendered until August 16,

1990 upon which date the exercise of the option shall be so endorsed by the Fiscal

Agent and the maturity of the note shall be extended to the interest payment date

falling in August 1992.

INFOBASE'90



innovative aspects for tomorrow's out all about information processing. Messe Frankfurt GmbH. Postfach 97 01 26, D-6000 Frankfurt/M.,

15-17 May, 1990

in its capacity as Principal. Paying Agent

The Mitsuri Trust & Benking Co., Lad

6 Broadgate London BC2M 2TB



manager". Symposia. Congresses. Events. Come to INFOBASE '90. Find 8tx "infobase #.

9900)

March 26-28

March 27-29

Fair (01-948 3800)

NEC, Birmingham

London-International Book

International Franchise Kyhibi-

March 28-31 Production and Test Equip-

ment for Electronics Manufac-turing Exhibition - INTER

NEPCONKORBA (01-840 2779)

Eurofi: Opportunities for EC

and UK government financial incentives (0222 230969)

structuring of crooss-border and multinational operations and investments in Europe for the 90's (France(33) 93 78 03 19) Sheraton Park Tower, Lon-

Centre for European Policy Studies: Waste management,

Recycling and Eco-Packaging Policy Issues (Brussels (322)

Eurofi: Opportunities for EC and UK government financial

Martin Harvell and Associates:

— Aviation symposium '90 —

A Grester Europe (01-949 0085)

Olympia 2 Conference Con-

CBI Conferences: Agenda for change 1990 — Putting the con-tomer first (01-379 7400)

CBI Conferences: Agenda for

change 1990 — Puriting the customer first (01-379 7400)
Centre Point, London
April 4-6
Financial Times Conferences:

Venture Forum Enrope 30

(01-625 2833) Paris

OM Conferences: Succes

tion (01-727 1929)

March 31-April 5

March 25

March 28

Trade fairs and exhibitions: UK

Daily Mail Ideal Home Exhibition (01-222 9341) (until April 1) Earls Court British Designer 123 - 6433) (until March 12) - Olympia British Designer Show (01-244

A MARCHE

1.3 H 82 D

usiness
te divide
rectors

.1 Del

. 1225CK

15.43

1 1 1 1 1 1 1

 $= \sum_{i=1}^{n-1} \frac{1}{n^{i}} = \sum_{i=1}^{n-1} \frac{1}{n^{i}} e^{i \sum_{i=1}^{n-1} \frac{1}{n^{i}}}$

... addinier

British Footwear Fair (0799 26699) (until March 13) NEC, Birmingham

March 13-15
National Welding Exhibition
NORTHWELD (0403 68747)
G-Mex Centre, Manchester

International Cycle and Leisure Fair - CYCLEX (01-390 Olympia

Overseas exhibitions International Boat Show

HISWA (01-495 7977) (until International Spring Fair (0375 392222) (until March 17)

Leipzig March 17-20 rellery. Show Internstional Hotel and Cenering Exhibition - INTERGAS:
Hong Kong TRA (01-236 0911) International Jewellery Show (01-828 1661) March 23-26

Business and management conferences

CIPFA/Peat Marwick Mclintock: The new culture-meeting the strategic challenge (01-895

The Belfry Hotel, Near Sut-ton Coldfield March 18-14 Financial Times Conferences: Competition, Mergers, Acquisi-tions and Alliances in Europe (01-825 2320) Hotel Inter-Continental,

March 14 Institute of Directors: Dealing with skills shortages (01-839

116 Pall Mall, London March 19-23 University Consultants (Japan): Coming to terms with Japan (01-323 4383) Cambridge University

March 20 The Henley Centre: Annual review of social developments and forecasts (01-353 9961). Cavendish Conference Can-

EEC Society: Euroconference 1990 "Europe 2002 - a common merics between the Best and West?" (01-568 1299)

March 26-27 Financial Times Conferences: World Pharmaceuticals (01-925

Royal Garden Hotel, London Financial Conferences: The European water industry (01-

Hotel Inter-Continental,

changes to the details published NOTICE TO HOLDERS OF WARRANTS

TO SUBSCRIBE FOR SHARES OF COMMON STOCK OF

telephone the organisers to ensure that there have been no



KEIHAN ELECTRIC RAILWAY CO., LTD.

U.S.\$70,000,000 3 per cent. Guwwinteed Notes due 1992 with Warrants ("1992 Warrants") U.S.\$150,000,000 4 per cent. Gueranteed Notes due 1993 with Warrants ("1993 Warrants")

Notice is hereby given that on 22nd February, 1990 the Board of Directors of Keihan Electric Railway Co., Ltd, resolved

1) A free distribution of Shares of its common stock should be made to the shareholders on record as of 31st March, 1990. Jepan time) at the ratio of 0.05 shares for each share held:

2) A right to subscribe for shares at the Issue Price of 7550 per share should be granted to the shareholders on record as of 31st March, 1990 (Japan time) at the ratio of 0.05 shares for each share held and the subscription period should be from 10th May, 1990 to 18th May, 1990.

As a consequence, the subscription prices will be adjusted as from 1st April, 1990 (Japan time) as follows:-

1) 1992 Warrants Current Subscription Price: ¥581.00 Adjusted Subscription Price: ¥541.80

2) 1993 Warrants Current Subscription Price: ¥697.00 Adjusted Subscription Price: ¥650.00

REIGAN ELECTRIC RAILWAY CO., LTD. By: The Sumitomo Bank, Ltd. as Principal Paying Agent

Dated: 12th March, 1990

INTERNATIONAL DIRECT MARKETING

The Financial Times proposes to publish this survey on:

APRIL 18th 1990

For a full editorial synopsis and advertisement details, please contact: Neville Woodcock

on 01-873 3365

or write to him at

Number One Southwark Bridge London.

FINANCIAL TIMES

PARLIAMENTARY

NEPCON Europe 90 (01-948 Commons: Motion on the Northern Ireland (Emergency and Prevention of Terrorism Provisions) Order. Motion on the Appropriation

(Northern Ireland) Order fol-Olympia. lowed by Motion on the Licen-sing (Northern Ireland) Order. CADCAM International Show Proceedings on the Capital
Allowances Bill.
Lords: British Railways Order
Confirmation Bill, third resi-(81-404-4844) NEC, Birmingham

March 29-April 1 International Contemporary Art Fair - ART (01-486 1951) Education (Student Loans) Bill. committee. Select committees: Home International Festival of Sci-Afficiation Bureau. Witnesses: Home Office and Metropolitan ence & Technology (031-228 4756)

Police (Room 15, 415 p.m.)
Treasury and Civil Service subject Civil Service pay and conditions. Witness: Sir Robin Butler, Cabinet Secretary and Head of the Home Civil Service. (Room 8, 4.30 p.m.)

Commons: National Health Service and Community Care Bill, remaining stages. Motion on the Rate Support Grant (Scotland) Order. Lords: Coal Industry Bill, faird

reading.

Human Fertilisation and Embryology Bill, report.
River Tees Barrage and
Crossing Bill, third reading.
Chlorofluorocarbons (Control) Rill, report. Question to Government on

plans to implement the 1989 White Paper "The future of development plans, concerning regional guidance and county structure plans."

Committees on private bills: Cardiff Bay Barrage Bill. (Room 5, 10.30 s.m.) King's Cross Rellways Bill. (Grand Committee Room, Westminster Hall, 10.30 a.m.)

Commons: Progress on remaining stages of the National Health Service and Community Care RIII.

Lords: Debata on The gap etween rich and poor in socireports of the Law Society and the Lord Chancellor's Advisory Committee on Legal Aid. London Local Authorities (Miscellaneous Provisions) Bill,

second reading. Select committees: Environ-ment: subject, beach pollution. FINANCIAL

Historia Publican
Litental
Low Gos.
Low & Bosser
Hearthing Tel.
Pendagoni
Pendagoni
Pendagoni
Pendagoni
Pichardsoni Westpath
Robinson Bross

Chevron 70els Christiania Benk 1757's 1894 8481.30 Do. 1781's 2001 3451,84

Royal Bant of Genedia Pig. Pate Deb. No. 2008 EPELS
Royal Bant of Scotland Unit. Pig. Prim Cap. No. 14,033146
Royal Truston Fig., Rate Debs 3065 5465.85
TORNORNOW
COMMANY WINTENSS
Discisses Mann. 40-85, Casen Violaria Street, E.C., 11.30
Rerathaw (A.), G. Conneught Plane, W., 10.00
Bantall & Basstoh, Marrioti Hotel, Dulke-Street, W., 12.00
SOARD MESTINASS-

Finale; British Vita, Candover in Doeflex, Farrari Glynwood but

BM
Community Hospitale
Everset Foods
Logica
Pracious Metals Tel.
Tay Homes
DIVIDEND AND INTEREST PAYMENTSBanchart Its Hew York FRIVE 2009 \$214.08
Hydro-Quebac 124, pp Ln 2016 63, pp
Tenneco 785s
Wells Farys FRIVE 1984 \$214.08
WEDNESDAY MARCH 14
COMPANY MEETINGSBeckenburn Grp., Great Esstern Hotel, Liverpool Street, E.C., 12.00
Combyelde Properties, The Brewery, Chiseuti Street, E.C., 12.00
Fank Org., Royal Lancaster Hotel, Lancaster
Torraco, M., 1100
BOARD MEETINGSFinnis.

ele: bott Meed Vickers CITY
Christies let.
Christies let.
Christies Inc.
Christies Inc.
Pired Earth Tiles
Highland & Londont Serhad
Hilladown

Colowort Smeller Co's toy. Tat.

Poolsin Desire Committee of Paymonts Abbien 1.5p Bank of Tokyo 125 pe den 1982 55 po British Shootstock Ageory 2.5p Citicorp O'seas Finance Gtd. FRN's 1994 1376.03 1376.03 Lloyds Bunk-Sers. "C" Sub Nin 1998 2376.03 Shariff 3.75p 31 12 2pg Usa. La. 1992 55 pc

Dasjan Sp Davenport Vernon 3.5p Eandarand Goold Milatog \$27538p Ford Motor (1920th abure) 75cts French (17comas) 2.175p Grootnie Proprietary Minas 20cts Lydenburg Pisitisers 75cts Estatand 1.5p St Helsma Gold Mines 146cts Smith (David S) 2.75p Booth African Land & Expin. 4.63785p Do. 15 20cts Southward Gold Mining 130cts Selforatein Gold Mining 130cts THT ASC 0375 THT AUGUST LTR Truebes LSp Trempury 2po 14, 1988 21,70 Vasi Reekt Expls. & Mining 139,13075p Do. "S* 339,33075p Wells Fargo FRIV's Feb. 1997 3208,59 West Reed Comp. Minns 40cts

Advertise your house in full colour in the Weekend

To find out more, call Lesley Proctor on 01-873 4896

CONSTRUCTION CONTRACTS

Changing face of Smithfield

A sympathetic redevelopment of an historic acre of Smith-field, London, is being under-taken by the M.J. GLEESON GROUP for developers Land & Property Trust at a cost of around 241m.

LPT's overall scheme (pic-

tured) will provide in the region of 300,000 sq ft of offices and some residential space of which the first 250,000 sq ft has now been awarded to Gleeson. It combines the construction by Gleeson of six buildings, with the retention and refur-hishment of selected buildings

bordering the site.

Architects Lifschutz Davidson Design have concentrated
on preserving the character fleet maintenance. Witnesses: Sir Michael Quinlan and Vice Admiral J Slater. (Room 16, mostly 19th century - of Cow-cross Street, whilst integrating the substantial redevelopment by positioning, proportioning and finishing the new build-ings to merge with their Procedure: subject, work of the select committee system. Witnesses: Professor George Jones, Professor Peter Han-nessy, Professor Gavin Drewy and Dr Phillip Glddings. (Room mature surroundings.

Gleeson will construct, of reinforced concrete, two sixfloor and one four-floor build-ings - all with basements, and fully air-conditioned - together with three smaller four-floor buildings. These are being planned in "medieval juxtapo-

Commons: National Health Service and Community Care Bill, remaining stages.

Lords: Amendment to the Coal Industry Bill. Motion amending Schedule 1 of the House of Commons Disqualification Act 1975, Opposed private business

after 7 p.m. Lords: Courts and Legal Serextended to form part of the new hotel. Completion is scheduled in October 1991. vices Bill, third reading.

Motion to approve the Prevention of Terrorism (Temporary Provisions) Act 1989 Con-

linuance Order, Committees on private bills: Cardiff Bay Barrage Bill. (Room 5, 10.30 a.m.) King,s Cross Railways Bill. (Grand Committee Room, Westminster Hall 10.30 a.m.)

Witnesses: Marine Conservation Society, Mr Patrick Gewen, Norfolk Friends of the

Easth. (Room 8, 10.90 a.m.)

Agriculture: subject, fish

farming. Witnesses: Stirling University, Institute of Acqua-culture and Natural Environ-

ment Research Council. (Room

Education and Science: sub-

ject, science policy and the European dimension. Wit-

nesses: department officials. (Room 18, 4.15 p.m.)

Employment, subject, work of the Health and Safety Commission and Executive, Wit-

nesses: commission officials.

Public Accounts: subject,

6, 4.30 p.m.)

Joint Committee on Consolidation Bills: Town and Country Planning. Witness: Mrs. Maggie Leates. (Room 4, 4.30

Committees on private bills: Cardiff Bay Barrage Bill. (Room_5, 10.30 a.m.) King's

Cross Rallways Bill. (Grand

Hall 10.30 a.m.)

mittee Room, Westminster

(Room 8, 4.15 p.m.)

4.15 n.m.)

20, 10.45 a.m.)

Friday Commons: Private members'

America Americanism Utd. Collieries NVIDEND AND INTEREST P NCC 7ps Oeb 1985/90 2¹spe

12th less. Tot. 3.5500 PML 1.895p remore American Security 2514 5 Bpc 2514 5 B

ne Lord & Espin 15ch on (Whit) Bubermerkets 5²cps Seagram 35:52 Se

Triple Solar Tripl

Stream (Thomas)
ONVICED AND PROPERTY PAYAGETS
Agric, Merigage 7% pc Dab 3% pc
Bulletsformen, Gold Mining 300pie

for niche practices in both the

ones. The biggest risk in opening overseas offices is that the firm might not think through its goals and objectives but might

Architect's model of Smithfield development scheme

nence to framed viewing." Similar attention to visual scale detail has been applied by the architects to the width between perimeter structural columns - reduced to 3.6 metres from the customary six metres to harmonise with those of the adjacent buildings. As part of Lifschutz David-

son's design, the ground floor of the old Danish Bacon head-quarters in Cowcross Street will be opened out to facilitate the creation of a pedestrian route from smithfield to Chrkenwell Green. Structural engineers for the project are Ove Arup & Partners and project managers are PML

Stoke-on-Trent hotel development

MCALPINE CONSTRUCTION has won a beach of contracts worth £55m. In the North West, the com-pany has been awarded its sec-ond major hotel construction project from Queens Most House, Valued at £12m, the 145-balroom hotel will be slied at Festival Park, Stoke-on-Trent, adjacent to Sturia Hall which will be altered and

Other work in the region includes a E4.9m contract from Scottish Metropolitan Property to build a retail and leisure

development at Greyhound Park, Chester, and a £2.2m con-tract with Chester Waterworks Co to construct a 38m litre water reservoir on Tarvin Road, Chester,

In the South East, the company has a f4.6m order from Jacobs Island Co for the initial phase of Little London Court, four office buildings, a restau-rant and shops around a land-scaped, stone-flagged courtyard with parking for 45 cars in the St Saviours Dock Conservation Area. A 28-3m contract has been received for a seven-sto-rey commercial building on Prace Street, London, for CM

Property Developments on behalf of Minmetals (UK). A number of contracts in the Midlands include a £3.8m manufacturing plant and offices for Landis & Gyr (UK) at Telford, Shropshire, and a £3.6m first phase industrial development

at Dudley, West Midlands, for at Dudley, West Midlands, for Ffolkes Properties.

Alfred McAlpine Services & Pipelines has been awarded a 27.5m contract by Petrofina (UK) to carry out work on the southern half of a pipeline linking Lindsey Oll Refinery on South Humberside, with its distribution terminal just north west of London.

Sports projects for Tarmac companies

Two sports halls are included in projects worth about £10m awarded to TARMAC CONSTRUCTION. At Tipton, in the West Midlands, Tarmac Refurb has started work on a £858,000 sports or a first contract for sports centre contract for andwell Borough Council, peny's contract housing divi-cheduled for completion early sion. They include work on homes at Liverpool (£1.8m); At Cardigan, Dyfed, work Glasgow (£1.7m); Maidenhead Sandwell Borough Council. scheduled for completion early

has started on a \$506,000 con-tract for designing and build-ing a sports hall for Ceredigion District Council which is due for completion this summer. A number of projects have also been awarded to the com-

(£I.2m) Brynamman, Dyfed (£829,000); Sheffield (£885,000) and Salford (£387,000).

Tarmac Structural Repairs has two contracts for the structural refurbishment of multi-storey flats at Radford, Nottingham, for the city council (2600,000), and a cooling tower at Didcot Power Station, Oxfordshire (2441,000).

ENGINEERING & CONSTRUCTION MINING HOUSING PROPERTY COSTAIN COSTAIN GROUPPLC

Retailing facilities

COSTAIN CONSTRUCTION, a part of Costain Group, has een awarded two contracts, totalling £20.8m, by Tesco Stores to build superstores at Eastbourne, East Sussex, and Kettering, Northants. The stores will be of a simi-

lar design, each measuring 6,503 sq metres. The predomi-nantly single-storey buildings will be supported on pad foun dations linked by ground beams and will have brick clad elevations with glazed shop fronts, revolving doors and feature curtain walling above the

Internally, the contract calls for the fitting out of the stores, including the installation of all necessary plant, shelving and retailing equipment. In addi-tion to the main sales area, there will be warehousing, food preparation areas, an in-store bakery and a customer coffee shop. Both stores will have administration and staff areas

at first floor level.
At Eastbourne, the super store will be built on the site of the old Birdseye Walls factory on the outskirts of the town. The contract, due to be completed in December, also provides for improvements to the A259 Hastings to Eastbourne road and Lottbridge Drove. Foundation work will incorporate hard drive piles. The project will also include the construction of a 650 space car park, petrol filling station and become roads.

Work on the Kettering superstore includes car parking for 700 cars, landscaping, a petrol filling station and the con-struction of access roads.

SIR ROBERT MEALPINE & SIE ROBERT McALPINE & SONS has been awarded a £2.26m design and management contract by Nissan Motor Manufacturing (UK)covering the construction of an additional administration building at its car manufacturing plant in Sunderland, Type and West.

LEGAL COLUMN

Profitable purpose in taking US law firms into Europe

By Robert Rice, Legal Correspondent

FOR some time now it has been rumoured that of the 60plus US law firms that have offices in London, only one makes a working profit on its

UK operations. Mr J. Speed Carroll, of New York lawyers Cleary Gottlieb Steen and Hamilton, in London last week for the Prentice Hall/ Institute of Advanced Legal Studies conference on internationalisation of legal practice, says that is not true. He does concede that it depends on how

you assess operating profit, though.
Some firms with only one or two people in London, acting essentially as firm representatives, may not be making an actual profit on the work done

in the capital.

However, Mr Carroll says, a number of the larger US firms now have 10 or more lawyers in their London offices and "you don't build up volume if you are losing money on the

You also have to take into account not just the time spent doing work in the UK for cli-ents, but also the work gener-ated abroad because clients know you have an office in

There is also the work generated in the UK and carried out by the firm's offices in other countries. It is necessary to look at the overall benefit rather than pure profit, and the overall benefit is very difficult to quantify.

Mr Carroll predicts the recent expansion of US and UK law firms overseas, and partic-ularly into Europe, will con-tinue. He says that is a consequence of greater political, economic and social integration in Europe. Nevertheless, although he

expects to see the emergence of a handful of large global law firms over the coming decade, he does not believe they will destroy competition or come to dominate the market for legal services.

There will always be room

domestic and the European and international law fields, he says, and risks of expansion overseas are just as great for the large transpational firms as they are for the smaller

instead fall under the influence

of the herd.

Mr Carroll appleuds the decision by Cardiff's Morgan Bruce Hardwickes to open in Warsaw as an example of a firm avoiding the herd and thinking out a clear strategic objection. clear strategic objective. Firms of varying sizes must

obviously watch what their competitors are up to and mircompetitions are up to said inference their moves to a certain extent, but they must still ask themselves: "What business do we want to be in?" A lot of decisions will be client-driven,

he says.

US firms expecting a quick pay-off from foreign work and opening offices, particularly in Europe, are in for a big shock,

Cleary Gottlieb's experience is that you have to invest for the long term. Instant credibility in a new location is impos-Brussels, where there has

been a recent rush of US firms opening new offices, is a good example. This is the second It is necessary to look at the overall benefit rather than pure profit and the

difficult to quantify Brussels bandwagon, he says. The first came after the signing of the Treaty of Rome.
Most firms stayed a while and
then "quietly stole away."
Cleary Gottlieb stayed.

Mr Carroll has "no idea" what the latest herd thinks

they are going to be doing

overall benefit is very

Certainly if they think they can employ US lobbying tech-niques on the Council and the Commission they are mistaken. Lawyers are being asked to join in the process of shaping European Community law and can help in the technical elaboration of rules, but the "put in a good word for me" approach to lobbying practised in Washington will not work in

Brussels, he says. Mr Gerard Mazet of the Paris law firm Jeantet & Associés spoke to the conference about the latest developments in the French practice rules.

While most European countries are busy deregulating their professions in the light of 1992, France is proposing to regulate the practice of law for the first time.

The proposed regime is a direct consequence of the existing situation in France, which is characterised by the absence of any restriction on the right to give legal advice and by the coexistence of a number of regulated professions involved in the practice of law.

As a consequence, the French legal community has had to face the competition of large transnational law firms and full-service consulting firms for many years before the issue of global and full-ser-vice firms became of general interest, Mr Mazet says. Under existing rules, any-

one, regardless of citizenship, residence or training, may give legal advice provided only that they do not hold themselves out as legal advisers or conseils

There is therefore a vast

number of individuals, most,

though not all, with adequate legal training, who give legal advice without being subject to any regulation or restriction. That is particularly true of companies' own counsel, law departments of banks — which often give below-cost legal advice as a service to attract

customers — law departments in accountancy firms, and the majority of independent profes-sionals whose main business is giving legal advice.
There is little doubt, Mr
Mazet says, that "this unique
situation has enabled foreign law firms and international

accountancy firms to thrive in France." France does, however, regulate certain functions that may only be carried out by certain

types of lawyers.
For example, a notairs is necessary for property work, an about for handling certain procedural matters in litigation, and an avocat for appearing before both the criminal and

civil cours. The reforms proposed by the French government are con-cerned with unifying the pro-fessions of conseils juridiques and avocats — who also advise on non-litigious matters - limiting the right to render legal advice to professionals belonging to regulated professions and defining the right of access of foreign lawyers to those pro-

Avocats and conseils juridiques would combine under the new title of avocat conseil juridique (ACJ). This would mean

• Existing members of both professions would automatically qualify for the new one.

Only members of this new profession would be able to represent clients before the

• ACJs from different bars for instance Paris and Rouen - could become members of · Restrictions on setting fees

and a ban on coatingency fees would be waived.

Subject to certain exceptions, access to the profession would in future be restricted to those with the French fouryear law diploma or other equivalent degrees.

The draft bill also provides that only specified professions may render legal advice or draft documents. There are, however, a number of exceptions. They include companies' lawyers, who may advise their employer's group; certain non-profit-making organisations; data banks; and

people exercising a regulated There are individuals with adequate legal training who give advice without being subject to regulation or restriction

profession, but only in respect of advice directly linked to their main activity and the drafting of documents that are a necessary accessory to the service rendered.

That would enable accountancy firms, for example, independently from any ACI affiliates they may have, to advise on a large number of issues. The sections of the bill on

foreign lawyers are very sensi-tive, Mr Mazet says, because of the many foreign lawyers in France and the relatively few states in the world that offer

French lawyers reciprocity.

If the bill is passed as presently drafted, foreign lawyers already established as consells juridiques will have equal rights to the ACJs and full access to the courts. The same will apply for two years to for-eign lawyers who have practised in France for 18 months or more.

In future, foreign avocats will be admissible to a French bar, subject to reciprocity in their home state and passing the bar exam or a special exam on French law.

less confident or proficient, ESS has established a natwork

of over 30 technology design

chips for manufacture at Rous-set. Although ES2 calls the centres franchises, it does not receive a percentage of their revenues. It does not even

demand a fee for referring a

customer to one of the centres.
"What we care about is the

revenue from manufacturing. This arrangement ensures that

design bottle-neck."

ast September a Spanish toy manufacturer approached European Silicon Structures and asked it to design and produce a chip for a remote-controlled

The manufacturer had left things late. He wanted the toy on the shelves by Christmas. European Silicon Structures (ES2) got 10,000 chips to him on

The company has been less punctual, however, in delivering profits. Founded in 1985 amid widespread publicity, it was supposed to be profitable by the current quarter. It is not, although it will not reveal the size of its losses. Werner Koepf, ES2's new chief executive, now promises that the company will be in profit by the middle of 1991.

Koepf, who joined ES2 last September from Texas Instruments, wants the company to increase its manufacturing activities as this is where it has shown the greatest reve-

Some in the industry doubt that Koepf can meet his profit deadline. In any event, his progress will be closely watched, ES2 is not just another semiconductor company. Its champions hoped it would demonstrate that European high technology could withstand the ravages of Japa-nese and American competi-

It would also show that Europeans, regardless of nationality, could co-operate to create a world-class company.

ES2's founders were some of the European computer industry's most illustrious names. They included Robb Wilmot who led the hitherto successful drive to save the British computer manufacturer ICL. Euroean Commission president Jacques Delors once admir-ingly dubbed Wilmot "one of Europe's militants". Another founder, Jean-Luc Grand-Clement, was previously European vice-president of Motorola.

Wilmot, Grand-Clement and their associates, mostly graduates of the large US semicon-ductor companies, vowed that ES2 would be unique in having no nationality other than European. Its board and its management would come from all over Europe. ES2 has offices in several countries. Its most important centres are in France,

Britain and West Germany. ES2's founders thought there was a gap in the European semiconductor market which the company could fill. Instead of using standard, off-the-shelf Semiconductors

Fabricating a future for a European effort

Michael Skapinker assesses the difficulties facing ES2





Werner Koepi (left) and Jean-Pierre Demange: "ES2 will be in profit by mid-1991"

and consumer goods prefer chips specially designed to suit their needs.

It can be difficult for compe nies to get these application specific integrated circuits (Asics) made, however, unless they are prepared to order them in large quantities. Yet ES2 believes that 90 per cent of all Asics are manufactured in volumes of less than 10,000. ES2 offers to make customised chips in production runs of as little as one. It also promises fast delivery, regardless of how small or unimportant the cus-

ES2 uses electron beam lithography to produce its chips. This enables the company to draw circuits directly onto silicon, rather than the usual practice of projecting an image through a mask onto the wafer. Apart from dispensing with the need to make masks, the technology enables the company both to carry out small-scale production and to put several different chip esigns on the same wafer.

Despite its lack of profitabil-

ity so far, ES2 can point to some successes. The company has manufactured \$14 different Asic designs to date, 391 of them last year.

Dataquest says that ES2 had 7.7 per cent of the cell-based Asic market in Europe last

per cent in 1988. Cell-based chips are chips built up from a library of cells, in contrast to gate arrays, which are partially customised chips, on which just the last couple of layers are etched to meet the custom-

ers' requirements ES2 also attracted two new industrial investors last year to add to the eight large Euro-pean companies which helped fund the company when it was set up. The two new companies are Aerospatiale of France and Siemens. The signing of Siemens ended a long search by ESS for a German shareholder. The original industrial backe include Philips, Olivetti, Bull and British Aerospace, Although revenues increased

by over 40 per cent to \$18m last year, Jean-Pierre Demange, ES2's vice-president, says the company had entered 1989 hop-ing for a 100 per cent increase

The problem, he says, was a slowing in the growth of the Asic market worldwide. ES2 expected worldwide growth of 40 per cent in world Asic sales last year. Instead, the increase was about 20 per cent, he says. Koepf says that to become profitable ES2 needs to concentrata its activities on manufacturing, contracting out as much of the chip design as pos-

ous. Keepf says that manufacturing accounted for 70 per cent of total revenues last year and that turnover from manufacturing doubled in 1989.

BS2's manufacturing facility at Rousset, southern France, is operating at about 50 per cent capacity, Koepf says. For ES2 to break even, Rousset needs to be operating at 80 per cent, he says. To do that, the company needs to increase the number of customers which want their designs manufactured by ES2.

Demange says ES2 has several ways of increasing the number of designs sent to Rousset for manufacture. One is to get customers to design their own chips rather than getting ES2 to do so. ES2 offers customers a week-long course in the use of its design soft-ware. They then go off and

esign the chip themselves. Apart from increasing the number of designs available for manufacture, Demange says customers who design their own chips are likely to come up with something better suited to their needs. The cusomer knows his own product and what design he wants. What we will teach him is to turn his desire into somethin that the factory can manufac

Environmental issues

centres throughout Europe. These are independent design companies which ES2 regards as sufficiently skilled to design Shades of green across Europe

David Thomas reports on a survey of managerial attitudes

Europe will tell you that they are highly sensitive to the environmental pressures on business. They would have to be deaf and blind to the upsurge in environmental consciousness to say anything different. Indeed, many companies are now boosting their public relations budget to tall the world just how green they are.

others carry the cost of designers and equipment." Demange says. "Our aim is to multiply the number of sources of design. The population of designers is limited, so what But what does this mean in we've tried to do is break the practice? How have companies adapted their procedures or in a small number of cases operations to reflect their ES2 agrees to do the design elf. Last year 20 out of 391 A survey published last

designs manufactured by RS2 were designed in-house. ES2 has also established week of European managers' attitudes to environmental links with 137 European uni-versities, which use the com-pany's design software. "This issues by Touche Ross Manage ment Consultants suggests some answers to these ques gives us very good visibility within the academic popula-tion," Demange says. "A lot of university professors advise tions. The survey covered chemical, heavy engineering and consumer goods manufacturers companies across a spread of European countries.

Broadly, the survey found German, Dutch and Danish inspeess in he in the way on industry and their graduates go into industry." Koepf says ES2 also needs to business to be in the van on environmental issues, while British, French and Belgian become more international.

Despite the company's determinedly European character Koepf says that "the semicon companies brought up the rear. The differences in national perductor market is one of the spective were reflected in answers to the following quesmost international markets there is. You can't isolate yourself." The company has set up Managerial responsibility a sister organisation in the US called United Silicon Struc-All the Dutch, four fifths of the Danish and three quarters of the German companies had a tures (US2). Koepf says the hext step is to set up a similar company in Japan. He admits, however, that this is unlikely to happen before 1992.

Despite earlier fears that the learn experience water fears that the board member specifically menagement. By contrast, four fifths of the Belgian and just over half the British concerns did not.

large semiconductor manufac-turers would attempt to enter 1852's market, Jim Eastlake, an analyst with Dataquest, says that "there's nobody else after this perticular niche. On the other hand, ES2 may well be reaching saturation point in its particular market in Europe.

That's why they need to expand internationally." expand internationally."
Eastlake says the development of the programmable gate array represents a theat to ES2. Whereas conventional gate arrays are customised by having their last few layers eithed on to them, users can buy programmable gate arrays off the shelf and programme them themselves. "This will them themselves. "This will have an appeal to certain areas of RS2's market," Eastlake

CATEGORY NO.

Even among those British companies which designated a board member for the environment, the great majority amaigamated this responsibility with many others. Only one British company was found with a board member whose sole job was to oversee environmental issues.

Below board level, the countries reported a similar mix of plant, health and safety, and technical managers as having environmental responsibility. Only in Britain, however, were cases found of public relations departments overseeing a role in environmental management. Product strategy. Almost three quarters of West German and 90 per cent of Danish com-panies said they had altered or planned to alter their products

to meet consumer demands for environmental friendliness.
Surprisingly, only a fifth of Dutch companies replied positively to this question, although they were joined in their apparent indifference to consumer pressure by their counterparts in Relation (60) counterparts in Belgium (60 per cent said no) and the UK 52 per cent).

Some British concerns were hesitant about marketing their products under a green label, fearing a consumer backlash against a product which may be only partly green. No French company reported

having a green product strat-egy, although Touche Ross experienced difficulties in finding businesses in France willing to comment on environ-mental matters. "The mental matters. avoidance of accidents and accidental emissions comes top of the corporate agenda, while the development of environment-friendly processes or products has a low priority," Touche Ross commented of the

French position Suppliers. Over a third of German and four fifths of Danish companies had set environmental standards for their suppliers. Almost two thirds of Belgian companies in the survey also examined their suppliers on environmental grounds. but no British company was

found which did likewise. Some of these variations might be explained by the dif-fering pressures on companies across Europe. Almost three quarters of Danish companies. for example, had been subject to shareholder pressure to change their products or processes, compared with 9 per cent of British companies.

cent of British companies.

It would be misleading, however, to draw over-simple messages about national differences between managers' responses to environmental issues. Many replies were reported in the survey which ran against the broad categorisation of countries into envirisation of countries into environmental sheep and goats. Companies throughout Europe are, in any case, likely to experience increasingly similar environmental demands, not least under the pressure of European Community legisla-

*European Management Attitudes to Environmental Issues. Touche Ross Europe Services, 27 Avenue des Arts, 1040 Brussels. BFT 600.

Business courses

Management skills for technical personnel, London. May 23. Fee: £280 + VAT. Enquiries to: Chris White, Monadnock International, 2 The Chapel, Royal Victoria Patriotic, Fitzhugh Grove, Lon-ton SWIN ISL Tel: 81-371 2565.

Issential accounting for managers, Kent. May 9-11. Fee: 2625 + VAT. Enquiries to: Robert Turner, programme director, Sundridge Park Management Centre, Plaistow Lane, Bromiey, Kent. Tel: 01-460 8685.

Managing people: getting things done through and with people, Brussels. Fee: BFr 95,000. Enquiries to: Sobele Isa, Management Centre Europe, 15 and Russels. rue Caroly, B - 1040 Brussels, Tel: 32/2/516.19.11. Fax: 32/2/

Leading the top management team, Belgium. April 26-27. Fee: BFr 99,000. Enquiries to: Betsy Heris, Customer Service Relation Officer, Management Centre Europe, 15 rue Caroly, B - 1040 Brussels. Tel: 32/2/ 516.19.11. Fax:32/2/513.71.08.

Effective computer marketing.

London, April 4-5. Fee: £545 + VAT. Enquiries to: The Infomatics Resource Centre, 2 The Chapel, Royal Victoria Patriotic Building, Fitzhugh Grove, London SW18 3SX. Tel: 01-871 2546. Fax:01-871 3866.

Strategic management of the information resource: achiev-ing the information technology pay-off, London. April 23-26. Fee:£1,750. Enquiries to: Louise Ashfield, Registrar, Information Technology Programme, London Business School, Sussex Place, Regent's Park, London NW1 48A. Tel: 01-262 5050 Extn 243 or Maja-been Shah, at Nolan, Norton. Tel: 01-583 1971.

THE NEW FT ESSENTIALS. (As essential as the FT itself.)

The exclusive FT Essentials range (part of the from the Financial Times. Our experience and understanding of the business world ensures that every product is designed to make the right ression in terms of elegance and efficiency.

We have combined the finest materials and craftsmanship with a total practicality that is

appreciated in today's business environment. Each product is lined in FT-pink moiré silk and is wallable in superb finecell black leather. FT Essentials provide an excellent choice of business accessories from the immaculate PTTravel Organiser and the FT Personal Investment Portfolio

to a tubby FT Memo Pad for quick notes. For 1990, we've extended this popular range even further. To see it, just ask for the free FT Collection catalogue. Meanwhile, here are just four ef our new ideas.

NEW GIFTS FOR 1990

The FT Meetings Folder comes in a sleek finecell black leather case with PT-pink moiré hold papers, as well as an FI-pink paper pad iloop. 244mm x 319mm. The FT Credit Card Case incorporates a

plastic pocket with pouches for your cards, plus a leather pocket for records of credit transactions. Finecell black leather case with FT-pink moiré tilk lining. 83mm x 107mm.

The FT Business Card Case has three turned leather pockets that comfortably hold 30 cards. Finecell black leather case, lined with FT-pink moiré silk. 77mm x 107mm, The PT Jotter/Calculator Wallet has a

calculator on a magnetic base, a jotter with Ff-pink paper and a ballpoint pen. Finecell black leather case with clasp, lined with FT-pink moiré silk. Gilt corners. 82mm x 106mm.

THE MOST PRESTIGIOUS BUSINESS GIFTS

The FT Collection is synonymous with prestige, quality and value-for-money.

Gifts personalised with the recipient's Gitts personaused what are acceptance initials in high quality, long-lasting goldstamping are doubly welcome. Or add your company name or logo – it's perfect for ensuring that your clients will remember your company every working day.

Our Special Commissions service can tailor

any of our products to suit your individual needs. We'd welcome the opportunity to discuss any ideas you may have. Call us now on 01-799 2002.

THE FT COLLECTION -<u>A TRADITION OF EXCELLENCE</u>

Within the FT Collection, you will find all tastes and budgets are catered for.

The choice ranges from deluxe gifts like the world-famous FT Desk Diary to pocket diaries, document cases, portfolios and wallets. There are also substantial discounts on bulk orders. To qualify, you must order 25 items or more (not necessarily of the same type or range).



Send for your FREE FT Collection catalogue now. Write - or send your business card - to: FT Collection, 7th Floor, 50-64 Broadwa London SW1H ODB. Alternatively, phone 01-799 2002.



Places in	b place a first order are detailed below	Haw to 1. Inches the origins of bund. 2. with you please compand DISCO ITEMS. The discount Di	FT C complete the re- n 25 tiers of 25 tiers indicate religious complete ies conty, tunts of counts of counts of counts of counts of	to your more property of the place of the pl	order order order order order ore, piede orgon, 3, orgon TTO TTH ftOM T ove apply orms are	ENO product the UKA use refer in your o idefaile ETOTA HERA when you product you	WI yearsequent to the to the test below. L. NUB NGE, our order why, we will	oiro. Porce s price be releven; ve goti i la less th (UIC no libER (riotalis m	creams of area, For discount stamped are £180, gistered)}**
Thinghat	·	Price of		DISCOUNT SANDS					·.
			THE PERSON	8%	10%	14%	17%	25%	
#igned		UK	Cres	25-49 Teams		100-249 Items	773-480 Name	300+ Restt	Item City.
Code	New FT Essentials								
MF	Meetings Folder, black leather	30.01	33.70	22.98	22.46	21.46			
CCC	Credit Card Case, black teather	8.91		6.90		6.45		5.63	
BCC	Business Card Case, black leather			9.66					
JC	Jotter/Calculator Walfet, black leather	16.96	15.95	13,34	13.05	12.47	12.04	10.89	
	Personelisation								
1	Initials only	1.84	1.60	1.47	1,44	1.38			
	Company logo (Gold stamping)	N/A	NVA	Free	Free	Free	Free	Free	
Thatude	e påp/VAT (VAT not applic, overseas)		1	TOTAL R	IVMBER	OF ITE	MIS ORI	JENED.	
GOLD STANIPING OF YOUR COMPANY LOGO (ONLY Personal Greetings AVAILABLE ON ORDERS OF 25 ITEMS OR MORE). For orders of 25 hems or more, gold stamping of your company logo is FREE. However a £15.00 machine set-up charge will be add include them with your desputich list. The property of									

or each logo size in the main order, if a new brase is , a 228,00 change will be made if some eiter camera, ready is supplied. Conversion from letterheeding will be changed and machine set up change of £11,00 mill be made on anni orders requiring gold stamping. BRASS FOR YOUR LOGO. ☐ Brass required ☐ Artwork enclosed ☐ Brass FT hold
How to pay: Payment must accompany order, except on orders
over 2180 (sect, VAT) from UK registered companies which will be
invoiced. Payment should be drawn on a Starling account made
payable to FT Business Information Ltd.

Tick Method of Payment S S S Community Cheque Adoney Order Access Viss Amen A Card No.

CHEDIT CARD HOTLINE **201-799 2274**

CONTRACTS & TENDERS

INVITATION TO BID

 The Government of The Republic of Ghana has received a loss. from The Arab Bank for Economic Development in Africa (BADEA) in the United States Dollars towards the cost of rehabilitating Gilloten (West Africa) Ltd. (GWA) and it is intended that part of the proceeds of this loan will be applied to eligible payments under the contract for the supply of forestry

The National Investment Bank in conjunction with Gillaten. (West Africa) Ltd. now invites sealed bids for the supply of the nder listed equipment and materials-

> INTERES TO BE FURNISHED Cos (1) Unit Bulldone

-	. Can be come destroyed
2	One (1) Unit Log Londer
3	One (1) Unit Straddle Truck Cazzier
4	One (1) Unit Tractor
5(A)	Rve (5) Units Pick-Up Vehicle
(B)	Two (2) Units Station Wagon Vehicle
6	Two (2) Units Double Cabin Pick-Up Vehicle
7	One (1) Unit Mini-Bus Vehicle
8(A)	One (1) Unit Havings Truck Short Charels
(B)	Two (2) Units Haulage Trucks Long . Chassis
9	Six (6) Unit Logging Trackers (without Trailers)
10	Pointeen (14) Units Logging Truck Trailer
11	Spares and accessories for Steam Generator and Plymili
12	Workshop Equipment and Tools

ed eligible bidders may obtain further inform from and inspect the bidding documents at the Legal Department of the National Investment Bank Room 205, Kwame Nikramak Avenue, PO Box 3726, Accra Chana.

4. A complete set of bidding documents may be practimed by any interested eligible bidder on submission of a written application to the above and upon payment of non-refundable fee of two hundred United States Dollars (USD200.00) or its equivalent in a freely convertible correscy.

 All hids must be accompanied by a hid bond or Bank governates in United States Dollars (USD) or its equivalent in a freelyconvertible currency of Ten Percentum (10%) of the bid amount and must be delivered to the Office, National Investment Bank, Access on or before Tuesday 17th April, 1990, by 09.00 Hrs (9 AM Local Time)

LEGAL NOTICES

IN THE MATTER OF FRANCE LIMITED MI THE MATTER of

e is hereby given that I.G. Wi Public Dock, Blackfriers, London EGO 3 were appaired joint liquideous of the abs sempany on 2nd March 1990.

NOTICES, HE ALBO MERRESY GIVEN that the areastors of the above-named company, which is being voluntarily voused to. Are required, on or before the 30th day of Merch 1900, to send in their full christian and surgames, bein addresses and descriptions, this particulars of their addresses and descriptions, this particulars of their solicitors (it stry) to the undersigned Mr. LG. Watt of Pesh Maurelok McLintock, I Puddle Dock, Bleditius, London ECAV 8PD, the joint fiquidator of the self company, and, if an exquired by notice to writing from the said Equidator, are, paracoally or by their sofiators, to come in and prove their delite or culers at each their and place an shall be specified in such stolios, or in delactic there of may will be associated from the benefit of any distribution made better such debts are proved. NOTICE, IS ALSO HEREBY GIVEN that the

CCA MICRORENTALS LIMITED

R W Cork J M Ired Joint Administrative R

CCA COMPUTER GROUP PLC

receivers:- 13 February 1990 Name of person appoints Versa Imperson - 3 Pic N W Cort 4 M Ire (Ollice holder not 1863 and 2104) of Corff Cody, Brailey House, 3 tools Scool Landan BCBI 700

RENTALS

KENWOODS RENTAL

QUALITY FURNISHED FLATS AND HOUSES Short and Long Lets 23 Spring St. Landon WZ 114 Tel: 01-402 2271 Telex: 25271, Fax: (61) 262 3750

CLUBS

EVE has outlived the others because of a policy on fair play and value for money. Supper from 10-3.30 am. Disco and top musicians, glamorous hostesses, exciting 01-734 0557, 189,

PUBLIC NOTICES

CANADIAN NORTH ATLANTIC FREIGHT CONFERENCE

CANADA - UNITED KINGDOM FREICHT

NOTICE TO SEPTERS AND CONSIGNIES CURRENCY ADJUSTMENT The Manuber Lines of the above Confirmation operating services between the United Kingdons, Northern Irritard and the Republic of Irritand and Camadem Manutine, St. Lawrence River and Great Lakes Ports wish to advise Shippers and Consugents that for the puriod in April 1990 to 30th June 1990 the following Correspond Adjustment Pactor will apply.

1.80 per cent surcharga 1.44 per cent surcharge

1.50 per cent

pag-Lloyd AG ient Overseas synicer Line (UK) Limited Canadian Atlantic Freight

SCOTTISH FINANCIAL AND PROFESSIONAL SERVICES

The Financial Times proposes to publish this

Friday, March 23rd, 1990 For a full editorial synopsis

and advertisement details, piease contact Kenneth Swan

Tel: 031 - 220 - 1199 Fax: 031 - 220 - 1578

or write to him at: Financial Times 37, George Street

FINANCIAL TIMES

EH2 2HN

ARCHITECTURE

AND CHAIN

Quality has nothing to do with nationality

Saw an amazing sight in Chicago the other day, In-sub-zero temperatures I examined the substantial concrete skeleton of the new Chicago Public Library. It resembled an enormous Baby-lonian desert fort with thick, sioping, battered, walls pierced by giant openings. It was almost impossible to tell whether the bones were waiting for the flesh or had already been abandoned to the harshness of the winter.

harsiness of the winter.

The Harold Washington
Library Centre, named after
the city's first black mayor,
will be the largest public
library in the US. It is some
five hundred thousand square
feet of space and will cost in
the region of \$140m. The first
phase of the British Library at
St. Pengess in London which St. Pancras in London, which will open in 1993, will be just under 76,000 square feet. The architects who won the recent competition are a Chicago firm, Hammond Beeby and Babka, Inc., who are not partic-ularly well known here but have come into prominence as one of three architectural practices chosen to work on the redevalopment of Paternoster

Chicago is undoubtedly the great American architectural city – there must be some-thing in the soil or the air that has nurtured architects and architecture since the city began. The names of its cre-ators sound like a litany of beatified builders: William Jenney, John Welborne Root, Louis Sulivan, Daniel Burnham, Frank Lloyd Wright, and Mies van der Rohe. All the great names are there, and alongside them is an anony-mous but strong tradition of skilled and innovative con-struction. It is no coincidence that Chicago is home to the world's talkest building as well as the world's largest firm of

It is not surprising then to discover that the recent suchitectural competition estab-lished some important new parameters. In some ways it was controversial: it asked for a team of architects, builders and developers, that was pre-

JELIC NOTE



American architect Thomas Beeby's design for the Harold Washington Library Centre in Chicago: there is plenty of evidence here that his firm will enhance the Paternoster Square redevelopment proposals next to St Paul's

pared to compete for the con-tract to design and build the library, which naturally tended to rule out any inexperienced practices and encouraged several shotgun marriages between smaller firms; and most interesting was the condi-tion that made the winning team responsible for any cost team responsible for any cost overrons in the project. How many bankrupties would have resulted had that condition been applied to any similar public project in Britain?

The idea of the free public library originated at the same time in England and America, and flourished in England due to a major stimulus from America in the form of the Carnegle Trust. Americans seem negle Trust. Americans seem less shy about stating their ideals. In 1747 the Redwood Public Library in Newport was described as an institution to

freely repair." In their descrip-tion of the Chicago library the architects say that "it must express the aspirations of its citizens in a true and concrete

The Thomas Beeby design (he is the leader of the design teem) expresses a mixture of aspirations. First of all the aspirations. First of all the main library occupies one whole city block in the South Loop area of the city. Following the precepts of Daniel Burnham's plan for the city, this public bullding is dimensionated from the dense mass of commercial neighbours by the scale of its architectural detail. The driven alonged is a form of Beaux Arts classicism with a strongly defined top and base to the building. From a rungedly rusticated granite ground floor rise smooth masonry walls, which are pleaced by giant arched windows on the main facades. Above those at the ninth floor

rises a wast glass pediment topped by elaborate metalwork decoration. Artists will be working with the architects on the decorative aspects of the scheme and the roof line is imaginatively enlivened by

imagnatively enhivened by giant acroteria:

The style was one of the least discussed aspects of the design when it was amounced as the winner. This is, I am sure, because Beeby's firm knows Chicago so well and its scheme has just the right qualities of monumentality, family isrity, richness and decoration. It has resonances of great 18th-century libraries, both Boston's Public Library by McKim, Mead and White and the great Bibliothèque Salute Genevieve in Paris by Henri Labrouste. The architects are aware of these precedents but are also fully conscious of the fact that modern library practice does not always fit easily into the older style of build-

ings.

In Chicago there may be a problem of relating spatial definition to the dream of total flexibility, but it is one that Thomas Beeby is well capable of solving. He has expressed his desire to make "spaces that will live in the memory." His within circulation areas and public circulation areas and the top floor winter garden will provide distinguished and for-mal areas while book storage and reading areas have their own distinctive and consistent well serviced characters.

Artists are to be involved in the iconographic programms for the new library in a variety of ways. There will be sculpted metalwork on the exterior and nurals and formains also play a large part in the main public areas. Enrichment within a controlled architectural programme is the right and natu-

There is plenty of evidence in the Chicago Public Library project that the inclusion of Thomas Beeby, alongside Terry Farrell and John Simpaon, will enhance the Paternoser proposals that are currently ter proposals that are currently in preparation. Architecture is either good or bad and quality has little to do with nationality. It was unhelpful of Lord St. John of Fawsley, who is currently Chairman of the Royal Fine Art Commission, to speak at a dinner in London last work of his discuss for American architects working in London. can architects working in Lon-don. Certainly there are some bad schemes at work in the capital — some of them are American and many of them are British. His Commission has little power to do much

has little power to do much about it.

The addition of the civilised skills of the Dwn of the Tals Unversity School of architecture in the shape of Thomas Beeby to the Paternoster team should cartainly be welcomed. I expect Lord St. John of Fawsley would have objected to the influence of Italians and French men upon Wren, but luckily for us Sir Christopher understood that architectural quality has nothing to do with quality has nothing to do with

Colin Amery

Schnittke, Shostakovich DARBICAR HALL

The Barbican-Wigmore The Barbies was brought to a close by last Thursday's London Symphony Orchestra concert, conducted by Matislay

Rostropovich. This clinched the enormous success of the whole enterprise. The hall was packed, the atmosphere vibrant, the cheering for Schnittke himself present to take the applause for the performance of his Viola Concerto (1986) - of the standing-ovation variety. The process carried on over the last decade and a half, by which this composer has been transformed from a coterie-figure to one of wide popular appeal. one of wide popular appeal,

seems to be complete.

Among Schnittke's largescale compositions it is, indeed,
one of the most immediately
involving. A peculiarly Schnittkeresque combination of elegiac atmosphere (inherent in the viola's own timbre) and dramatic urgency (no doubt encouraged by the special vir-tuosity of the work's inspirer, Yury Bashmet) informs its spans; the music creates a "whole world" in which the listener quickly learns to live, with complete trust in the composer's power and purpose. In an important sense the

main issue at hand is the inter-

val of a minor minth, quietly proposed by the viola and immediately picked up by the orthestral callos the theme of which this provides the characterising feature is both agoulaingly disaident and darkly mountful, and it is those qualities that are tried tested and

which "the curious and impe-tient Enquirer and the the bewildered Ignorant might

swentually stilled to peace, over tolling-bell sequences of a near-liturgical gravity.

The colouristic range of the concerto is at its widest in the sequences with its sequences. scherzo, with its sequences of salon-music filtered (as it were) through gauxes of nostalgia and childlike fantasy: yet unlike some of Schnitthe's ear-ier works, the larger frame of the musical construction holds

Becure in every part.

Bashmet's performance, a marvel of technical brilliance and acute sympathy, was supported every inch of the way by conductor and orchestra.

Later, they went on to give a no-holds-barred account (at times riskily so)of the young. Shostakovich's Third Sym-phony ("The Third of May") — a fascinating mixture of revolutionary patriotism (rather headache inducing in the choral finale) and avant-garde

Max Loppert

London Sinfonietta

QUIEST SLIZABETH NAU.

Friday's Sinfoniatie concert was tantalising in the strict sense of proposing a lot of interesting things and leaving unsatisfied expectations. In particular, one expected the Dominic Muldowney première which concluded the evening - after three fairly intricate pieces that want extended

acquaintance — to pack: a direct, popular punch, which it didn't quite.

Lonely Hearts is a song cycle ("on one level", at least) on texts borrowed from the pertexts borrowed from the personal-ads section of the weekly
Time Out, which Linda Hirst
delivered in uniformly tough
American show-style; presumably as instructed, without
attempting to suggest infividusl characters.
But "on another level", as
note-writers say, Muldowney's
score is a drastic recomposition of some late 14th-century
music, of recherché metrical
complexity; and to recreate

complexity; and to recreate that, he deploys two distinct ensembles, each with a conductor (here Oliver Knussen and Richard Bernas) who keeps an arranged to his complete the complexity of the ear cocked to his own else-tronic click-track.

A few stretches of mild rhythmic tension seemed a meagre result for all that tech-

nology. Anyhow, so much of the surface of Lonely Hearts — its most prominent "level" — is affectionate pastiche of dated pop that any sublicties of expression or construction are winsomely concealed. If they emerge on further hearings, I'll happily est my words. Knussen conducted the preceding pieces with his usual acuity. In Robert Saxton's 1965. The Circles of Light a finely calculated score, he understood the musical foundations perhaps too well, and took less care to charge key local events with the sharp dramatic force they deserved. By intention, this is visionary music; we were made more aware of its sedulous craftsmanship.

sedulous craftsmanship.
Though Benedict Mason's Double Concerto (a London première) had admirable solo-ists in Michael Thompson's horn and David Purser's trombone, and cannily gave them space by stretching the accompanying winds up to piccolo and down to tube, the effect was still sinjonia concertants—the solo voices often allent, concertants accomplished the solo voices often allent,

sometimes strenuously busy, but never strongly character-ised. The outer movements, busily clever to the point of opacity, minimalist gestures; the "noo-turnal" music in the middle. was a comedy of mose and moses. Academic jokiness, in fact — the sort of thing that Robin Holloway brings off belter: and yet Mason's music has a distinctive cut that deserves

ter and yet Mason's moste has a distinctive cut that deserves to be set in better relief.

The usual minatory programme note by the composer Brian Ferneyhough was attached to Le Chute d'Icure ("The Fall of Icarus", after Breughel), a reverent self-diagnosis which only searching musical analysis could verify. In practical effect the piece depends upon its solo clarinet, here the brilliantly clear and agile Michael Collins; and agile Michael Collins; and despite Ferneyhough's disavowal of "any pretensions to illustrative function", its high-flying virtuosity and its rapturous askial trills not only dramatise the brief trajectory of the mythical hero, but supply ready excitament whenever the musical logic is too arcane to make itself felt. The performance sous exciting, as for the music — well, we shall have to delve respectfully.

The Four Horsemen of the Apocalypse

The vahicle which made a star of Rudolph Valentino in 1921 resurfaces in 1990 as a crisply executed ensemble piece chronicling the ravages of war on a family with feet in two conti-nents and loyalties to the two embattled nations, Germany and France.

Vicente Blasco Ibanez's novel of 1916 sweeps from the cattle ranches of Argentina to the guellers of Bohamian Paris and the front lines of the first world war, dynasty-destroying apocalypse of the title. It is a story of ashes to ashes

in three generations, of new money fuelling old grudges and old grudges shattering

and old gradges shattering young bones.
Peter Granger Taylor's adaptation for the Citizens is coolly aberoic, smartly filleting the storyline down to the cynical essentials which are relayed in Jon Pope's slick production through the doubling and redoubling of seven actors clad

throughout in black and white. The high collars and mantillas of 19th century Argentina soften to the louche lines of Parisian couture as Marcel, fugitive from an early war, takes his family home from the rolling acres of his dead father-in-law to his native France, while their cousins take up residence in German

hloss society. While Marcel's son, Julio, idles away his youth on the fringes of artistic society, his cousins study to better them-

While he argues for an increased allowance, they expound on the sanctity of the German state. Julio's belated conversion to a fighting patriot is played by the loss-limbed and volpine Eamonn Walker without a drop of soldier-boy

Even as Sandy Welch's excellent Marcel puffs up with paternal pride, his son's body is racked with bullet shots. cousins are relayed haldly by letter.

.A production thick with of the devastations of war, conjuring the panic of a retreating populace from actors scurrying across a bare stage accompan-ied by the crash of hammer on

Where this reading falls short is in its command of the central apocalyptic motif, which is relayed through a sin-gle, rather incongruous episode when the prediction of the four horsemen is recalled in the

ghastly glare of up-lighting from an open suitcase.

In such a coolly composed production one loses touch with the passion needed to transform this from a moment rision of doom.

Claire Armitstead



Stephen Ree and Elleen Pollack in Terry Eagleton's Saint Oscar at Hampstead

Saint Oscar

HAMPSTEAD THEATRE

A visit by the Irish Field Day Theatre Company to the Hamp-stead Theatre is usually the signal for a lively, controver-sial evening. This production of Saint Oscar — which was reviewed here by Clare Armis-tead when it was done in Belfast - proves to be no excep-tion. Started 10 years ago by Brian Friel and Stephen Rea, the Company takes, it claims, "the whole of Ireland for its

But how does Oscar Wilde, impersonated by Rea in a drawling English county voice, and a variety of garb from pur-ple velvet suit to prison und-form, come into that prove-

In spite of his Irish parentage, and his early training under Mahaffy at Trinity College Dublin, Wilde was not very interested in Ireland or at all Irish-conscious. The Importance, remember, opens in The Albany, WI, and moves to a Manor House in rural England. It was on those social targets that Wilde's adult eyes were fixed when they were not gazing at Bosie or appraising stable-lads.

But this is to rection without the ingenuity of Terry Engle-

the ingenuity of Terry Ragie-ton who is determined to put Wilde back into an Irish con-David Murray text, to see his downfall as part of a much wider victimisation

of the Irish at this period by the English. Engleton, a liter-ary critic by profession, based in Oxford, is adept at decon-struction, and in this entertain-ing play Wilde is thoroughly deconstructed, the process being marked by a series of being marked by a series of

Chelsea, in the period just before the trial in a drawingroom that seems to have been designed not by Whistler but by Chirico (in fact by Bob

Crowley).

It is dominated by a huge white plaster-cast of St. Sebastian, bristling with arrows, and a high step-ladder. Wilde a high step-ladder. Wilde sprawls over the furniture explaining that he is the only character in the play, ultering a succession of instant epigrams that have all the excliement of indoor fireworks. Summoned by a little silver bell, the butler brings tea on a tray and the first visitor is Lady Wilde (Eileen Pollock), the preposterous poetess come

Her fears for the outcome of the trial are school by Richard Wallace (Seamus Moran), a character unknown to Wilde's biographer Richard Ellmann,

English socialist fulfills the

the preposterous poetess come to chide her tardy son.

who seems to have been invented by Eagleton, to give the political dimension lacking in the sources. This early

inglian socialist minils the role of the loyal friend played historically by Robbie Roes.

Their fears are all to soon confirmed by the trial, the highspot of Trevor Griffiths's production, where the Judge (Jim Queally) sits aloft the step-ladder draped by his red robes while Carson (Brendam Glescon) and Wilde confirmed Glesson) and Wilde confront Gleeson) and Wilde confront each other across the stage. The stable-boys form a vocal group and give their evidence as a song, one of several musi-cal numbers that enliven the evening. Gleeson's Irish broque makes the telling point that here we have one Irishmen

here we have one frishmen versus another when they ought to have been on the

Reading Gaol where Wilde is visited by Bosie (Peter Hanly, immaculately narcissistic) and the spectacle of the lonely expatriate cadging an abainthe at the Cafe des Beaux Arts conclude the evening on an appropriately sombre note. It had its measure of laughs and rams home the perennial question of Anglo-Irish relations. And that being so, to complain that the historical Oscar Wilde was a much more entertaining and much more entertaining and compelling figure than this cardboard character, is no doubt beside the point.

Anthony Curtis

Have your FT hand delivered in France

If you work in the business centres of ANTIBES, BORDEAUX, CANNES. GRENOBLE, LYON, MONACO, NICE, PARIS (all arrondissements) plus 92000 postal code. STRASBOURG, TOULOUSE, MARSEILLE or NANTES

- gain the edge over your competitors. Have the Financial Times hand delivered to your office at no extra charge and you will be fully briefed and alert to all the issues that affect your market and your business.

12 FREE ISSUES



When you take out your first subscription to the FT, we'll send you 12 issues free. Then see for yourself why Frederick Ungeheuer. Time magazine's senior financial correspondent, describes us as "the paper with the best coverage of international

Paris (01) 42 97 06 23

And ask John Rolley for details.

FINANCIAL TIMES

ARTS GUIDE

Moseow Constructors Occioetta conducted by Leonid Nikolatev. Russian and Italian opera: Mus-sorgsky, Rimsky-Korsahov, Boxo-din (Mon). Barbican Hall (898

din (Mon). Barbican Hall (898 8891).

Royal Philharmonic Orchestra conducted by John Farrer, Enth Waterman (violin), Mozart, Bar-ber, Mendelssohn, Pachelbel (Tues). Barbican Hall (639 8891). London Symphony Orchestra, conducted by Mistialav Rostro-povich, Paul Edmund-Davies (flute) and Osian Ellis (harp). Shostakovich, Mozart (Thur).

Herbican Hall (638 8891).

Vincon Cole recital (Mon). Salle Gaveau (45622030). Scala's Fullharmonic Orchestra conducted by Carlo Maria Gin-lini. Schubert, Brahms (Mon). Théâtre des Channes Elysées

Théaire des Champs Edysons (47208637).

Ensemble Orchestral de Paris sololais. Mozart, Haydn, Schubert, Beethoven (Tose). Auditorium des Halles (40282828).

Dmitri Sitkovetaky, Pavel Gill-lou. Janacok, Schoenberg.

Strauss, Schubert (Weil). Salle Strauss, Schubert (Weil), Sulle Playel (4563873). Orchestre de Paris conducted by Senyon Bychkov with the Paris Orchestra's choir con-ducted by Arthur Oldham, Sign-vinsky, Rachmaninov (Wed, Thur). Salle Playel (45630736). Chamber Orchestra from Riga-conducted by Tovi Lifschnetz, Lazar Berman (piano). Durante, Vivaldi, Bach, Dvorak, Stravin-aky (Thur). Auditorium des Halles (40233628).

Tokyo String Quartet plays Bee-thoven, Bayun, Jamacek, Palsis des Beaux-Arts. (Tues).

ida Levda (violin), Brumo (fiur-anna (viola), Rocco Filippini (cello) and Niccolo Parents (piano) piaving Faure and Brahms (Mon), Testro Alia Scala (80,91.26). (81,31,30). Giorgian State Orchestra con-ducted by violinist Liana Issak-adze playing Vivaldi, Mendels-sohn and Gerahwin (Wed) Construction C Vand.

Georges Prefer conducting Hota, Ferrara and Dvorak, with Franco Patracchi (double-bass). (Mon. Tues) Auditorium in via della Conciliazione. (5541044). Mischa Marisky (cello) playing three Bach suites for solo cello (Wed). Testro Olimpico (383304).

Vicana is bost to two masic feat-vals: Haydn Tege and the Vicana Festivel. Ticksts and information from Musikverein, Karlaplatz 8, Vicana (65 81 90). Also, Cester-reich-beute, with the spotlight on contemporary Austrian music is in full swing. Ticksts and information from Wiener Fes-twochen, Lebargasse 11, 1060 Vicana (566 16 75). Der Kreis Experimental Theatre perform R+J Musical, an adapta-tion of Shakespears's Rome cast Julies by the young Soviet com-poser, Sargei Dreamin (Thea-Sat.) Ivo Pegarelick piano racital.

Haydn, Chopin, Liszt, Scarlatti, Brahms, Scriebin. Musikvesein.

(Wed). Vienna Concertino. Haydn, Vienna Concertino. Haydn,

Vienna Chamber Grebestra con-dected by Philippe Entremont (also piano). Mosurt programme (Tues, Wed). Anditorio Nacion-aide Musica (337 (2 00). Joaquin Achacarro (piano). Cho-pin, Brahms, Schumann (Tues). Anditorio Nacional de Musica Anditorio Nacional de Musica

Annuturn reasonant of masses (287 01 00). St Paul Chamber Orchestra of Hew York conducted by Christo-pher Hogwood with John Kimura Parker (piano). Adams, Mozart, Stravinsky, Haydn. (Toes). Audi-torio Nacional de Musica (387

St Paul Chamber Orchestra of New York conducted by Christo-pher Hogwood, with John Kimura Parker (plano). Adams, Mozart, Stravinsky, Haydn (Wed). Palau de la Musica Cata-

(Wed). Palau de la Minsion Cata-lana (20169 de).

Alexander String Quartet, with Joan Enric Lluna (clarinet). Mos-art, Beethoven, Ershme (Thura). Conservatori de Hartelona (20169 43). Trevot Pinsiok (harpsichorif). Bach programme (Wed). Funda-cion Caja de Pensiones (217 HT 67).

Mesorialo Polital pisoso recital. Schumann, Berg, Schoenberg, Stravinsky (Mon).

March 9-15

Philadelphia Orchestra con-ducted by Erich Leinsdorf with the Guarneri String Quartet. Haydn, Davidovsky, Stravinsky, Exvel (Tue).

Boston Symphony Orchestra Conducted by Seiji Ozawa with Anne-Sophie Mutter (violin). Bar-tok, Beethoven (Wed, Thur). Car-negie Hall. (247 7800). New York Philharmonic conducted by Klaus Tennstadt. Smetana, Dvorak, Janacek (Thur).

Washington

Rational Symphony Orchestra conducted by Lynn Harrell Ives, Bach (Tue); conducted by Franz Welser-Most with Frank Peter Zimmermann (violin). Reathoven programms (Thur). Kennedy Canter Concert Hall (457 4800).

Chicago Symphony. Daniel Bar-enboim conducting with the Chi-cago Symphony Chorus. Proko-fiev, Takemitsu (world première), Ravel (Tue); Denisov, Beethoven (Thur). Orchestra Hall (435 6866).

Tokyo Symphony Orchestra, conducted by Kim Hon Je. Music by the Korean composer, Yun Isang, Suntory Hall (Wed) (498 5890). Bruno-Leonardo Gelber (piano). Beethoven programme. Bunkamura, Orchard Hall (Thur) 1984 2020

Japan Philharmonic Orchestra, conducted by Ervin Lukacs, with Tsuyoshi Tsutsumi (cello). Brahms, Kabalevsky, Schumann. Suntory Hall (Thur) (284 5911).

The Roches

DOMINION THEATRE

Try to locate The Roches in your friendly neighbourhood record store, and you might be directed to the folk section or then again to rock; more likely you'll be told nothing is avail-able, though their latest album, Speak, their first in four years, seems to be making

some headway.

But they have been doing much what they are doing now for more than a decade, ever since Suzzle joined her older sisters Maggie and Terre to turn their act into a New York club cold. Robert Fring proclub cult. Robert Fripp produced a couple of albums in the early 80s, matching their musical eclecticism with some wishful washy instrumental sounds, but then silence, until Speak showed that sans the Frippery the band could still cut the ground from under-neath every rock cliche and stand them on their heads.

And as their splendid show

at the Dominion on Friday demonstrated, though some of the new breed of female singer writers might share their qua-zical unstarry view of life's misfortunes The Roches did it

In their songs, which they underpin tellingly with guitars, keyboard and drum tracks (no room for supernumeries on this tour) a host of musical worlds collide — folk hallads and straight rock, Broadway show songs and a close-har-mony style that might have its

roots in the Andrew Sisters but has the spectre of Phil Spector (especially The Ronettes) hang-

ing heavily over it too. That sound - intricate, constantly varied, sometimes sickly sweet but always immaculately tuned - is extraordinarily seductive, so that the punch in their lyrics comes clothed in velvet. "It's just a job that fell through." sings a woman to her partner in the first verse of "Losing our Job", "Don't worry darling it'll be alright"; then the second switches: "I don't believe a thing I'm saying,/it doesn't seem like truth to me/Our love is still clinging/To the way it used to be."

Yet the show is anything but Yet the show is anything but mournful. No one who can write a song called "The Anti-Sex Backlash of the 80s" can take themselves too seriously, and a lot is very funny in a New York, Woody Allenish way. Many of the songs came from the new allum but these from the new album, but there were backward glances too -the final encore was "Leaving You" which could epitomise the Roche approach - harmonies dense packed, lyrics suffocatingly intense. And there was room for their special ver-sion of the Hallelujah Chorus, a capella musically faithful, yet perfectly integrated into the whole. There really is no one

quite like them. **Andrew Clements**

FINANCIAL TIMES

NUMBER ONE SOUTHWARK BRIDGE, LONDON SEI 9HL Telephone: 01-873 3000 Telex: 922186 Fax: 01-407 5700

Monday March 12 1990

End of the beginning

AFTER FIVE YEARS the process of reform in the Soviet Union has reached the end of the beginning. This is the main lesson of our special survey of the Soviet Union, published today. Should, or can, the West do anything to help the Soviet Union through the next decisive stage?

The changes in the Soviet Union are the greatest political event of the end of the second millennium. With further change inevitable, the only question is its direction: will the Soviet Union soon enjoy multi-party democracy under an executive President and be on the way to a market economy? Will the Party apparatus, in consort with disgruntled soldiers and redundant secret policemen, be struggling to return the country to the ideological deep-freeze? Or will there simply be chaos?

Balked by the conservatism of the higher echelons and the venality and sloth of the lower, Mr Gorbachev needed a weapon strong enough to break the heirs of Lenin. In glasnost and democracy he appears to have found that weapon. But defeating the Party is not enough. Mr Gorbachev has to find the authority and power to replace it. The new executive presidency is a part of the solution, but it will still depend on the Party.

The people are the second reef on which all may be wrecked. Ethnic conflicts are boiling up among some 100 peoples intermingled in 15 republics; the Union is fragmenting; meanwhile, in the Russian heartland intense suspicion of the communist bosses is balanced by equally intense suspicion of moves to a market economy. The Revolution was made in the name of a proletariat that did not then exist, whereupon all society was imbued with proletarian values. No wonder populist egalitarianism is a potentially decisive obstacle to change, which has grown bigger both with democracy and with economic failure.

Inflationary pressures

The economy is now in a limbo between the Stalinist stick and the market carrot. An unwise programme of "acceleration" in the early years of perestroika, the anti-alcohol campaign and the fall in the price of oil in 1986 greatly increased the Soviet budget deficit. Labour unrest and an ill-conceived move to independence for state enterprises have further exacerbated inflationary pressures.

Little wonder that the thriving activities of today are queuing and the black market. The patience of the people is remarkable, but not eternal. President Gorbachev's dilemma is that the measures that give hope of improvement may first create a popular explosion.

None the less, the risks of economic reform will have to be taken, if carefully. First of all, the macroeconomic crisis must be resolved, with alimination of the budget deficit, control over the provision of credit to enterprises and liquidation of the monetary overhang (through either an expropriatory monetary reform or the substitution of assets with a credible real value for liquid savings accounts). An administrative price reform must also be imposed, to be cushioned by rationing in the interests of vulnerable groups.

The peasants must be freed at last. They need secure title to their land and provision of inputs and services through a competitive market rather than local officialdom. The unive faith that investment will solve the Soviet Union's agricultural problem must be abandoned before

there are as many broken tractors as kilograms of grain.

The industrial branch ministries should be abolished. Enterprises cannot be given complete freedom in Soviet circumstances, but they can be guided by taxation, by levies on capital, by interest on borrowing and by price controls, wherever they are monopolists. Pluralism in

Finally, when there has been price reform, monetary stabilisation and economic decentralisation, the Soviet Union can start to move towards currency convertibility. Instead of carefully constructed and radical reform there is to be yet another crash programme – this time to stabilise the consumer market in 1990. Gospian, the central organ for state planning, rides forth once more. But set against the scale of the monetary overhang and the persistent budget deficit (a hoped-for fall to 6 per cent of gross national product in 1990 from 11 per cent in 1989) the current programme is at best a part of the solution.

Meanwhile, the radical ideas for market-oriented reform that were put forward by Deputy Prime Minister Leonid Abalkin last November are on hold. At this juncture, when President Gorbachev is assuming independent powers and the populace is losing patience, decisive action must at last be taken.

Such radical economic reform will challenge the Soviet people's sense of its own history and achievements, but there is no alternative. The old system cannot give people what they want, even if they do not yet understand this. In the face of widespread conservatism President Gorbachev must take the sorts of risks that he has in foreign affairs and domestic politics.

Western assistance

Can the West do anything to help? A case can certainly be made for huge official western assistance. After all, defence against the Soviet Union costs some \$300bn a year. If peaceful reform in that country could eliminate two-thirds of that sum in perpetuity, the present value of the annual stream of savings would be \$4 trillion (million million), little less than the GNP of the US or the EC.

The most effective form of official assistance would be mutual disarmament, because it benefits both sides. Western analysts believe the Soviet Union spends 13 per cent of its GNP on defence (in domestic prices). The peace dividend for the Soviet Union could be correspondingly huge. Moreover, as the Soviet Union disarms, Cocom controls on exports of technology should be eliminated.

The western private sector has an important role too. though commercial lending is unlikely to be the main actor. Soviet gross debt, at \$45bn in the beginning of 1989, remains modest in relation to the size of the economy. But it cannot be prudently increased by enough to make a real difference, at least before there has been substantial economic reform. More valuable could be management training, technical assistance and direct investment, not only for their immediate impact, but because they will further increase the pressure for economic perestroika.

Until economic and political reform have gone far further, substantial official assistance would be unwise. In the absence of radical economic reform, the funds would be wasted. When President Gorbachev is already being accused of selling out to capitalism, the offer of assistance must not give credibility to the charge. In any case, a Soviet Union dominated by a largely unreformed Communist Party is no fit object for Western largesse.

In this, the greatest issue of our time, the West remains on the sidelines. Even the natural urge to disarm must be balanced by an awareness of the fragility of Soviet politics. To convert this historically isolated, overcentralised and ramshackle empire into a democracy, with market economy to match, is an unprecedented undertaking. It cannot be achieved without risk; it may not be achieved without chaos. President Gorbachev will need courage and luck, but the governments of the West can offer little more than moral support.

David Buchan and John Wyles report on the EC immigration debate

ntil now, "Fortress Europe" has been seen as a danger mostly to the European Community's commercial and financial policies. However, the pressures building up on its borders by people anxious to join the 8m non-EC citizens already inside, are now breeding more of a Fortress mentality among member governments than anxietles about the economics of opening the EC's internal market.

As western and eastern Europe open more doors to each other, EC countries are moving inexorably towards selective controls which risk being seen in the Third World as strengthening an existing bias against their emigrants. At the same time, non-EC citizens already living in the Community are now seriously concerned about the impact of the population flood from East into West Ger-

There is evidence, anecdotal as yet, that East Germans are beginning to displace some of West Germany's Turkish and Yugoslav immigrant workers, who are being pushed west into the Netherlands and France.

They will not be welcome. Even President Mitterrand feels under pres-sure from racial incidents in France's schools, factories and ghettoes, a pres-sure heightened by the political capi-tal the extreme Right is making from the issue. He has conceded that the number of immigrants in France -2.1m legal immigrants, most of them from North Africa – is pushing up towards what he called a seuil d'intol-

towards what he called a seule a mini-erance (threshold of intolerance).

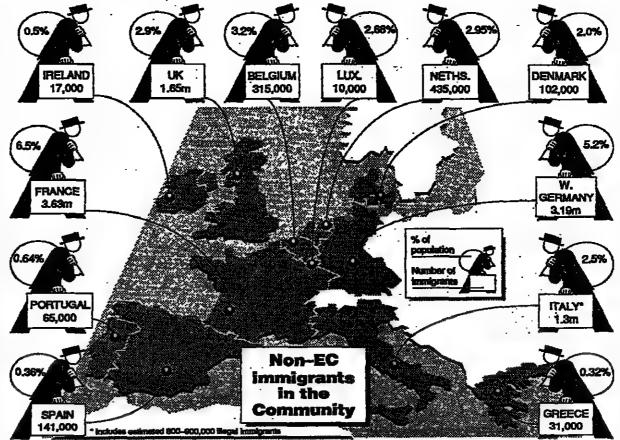
More serious, however, are the ten-sions building up in southern Europe, which for the first time for decades is taking in more people than it sends out. The issue is rising in importance is Spain, but Italy is feeling much the most exposed. Its inability to police properly its 2 000km of coast line most exposed. Its maining to police properly its 2,000km of coast line against a surge in clandestine immigration from nearby North Africa means that it is now playing host to at least 1.3m non-EC immigrants, more than half of whom are illegal.

The growing pressure of numbers as become an uncomfortable challenge to Italy's self-image as a racially tolerant country. Florence has only tolerant country. Florence has only very recently been the scene of attacks on North Africans by gangs of youths, but it was the murder last summer of an African field worker after an accumulation of lesser incidents which, allied to pressure from its European partners, finally prompted the Rome Government to begin building the framework of a more rigid immigration policy.

On top of all this is the realisation by EC governments that, if they fulfill their aim of removing all internal border checks by the end of 1992, they must come to an agreement on which outsiders they let in through the Community's external frontier. For, after 1992, anyone entaring the Community at, say, the boot of Haly would be able

at, say, the boot of Italy would be able to travel to Paris, Copenhagen, Lon-

Italy has done more than any other member state to propel the immigration issue to the top of the EC agenda. As so often in the past, Rome is seeking a Community cover for a policy which risks souring relationships Italy has carefully built over the last decade with North Assessment and the control of the decade with North African countries.
Legislation recently pessed by the
Italian Parliament seeks to guarantee social and welfare rights for non-RC immigrants and to regulate future immigration largely according to the At this stage, the Government has not committed itself to introducing entry isas for arrivals from some of the 80-odd countries whose nationals are currently allowed a 90-day unregulated sojourn. Privately, officials believe that without this requirement the new approach will be thoroughly unconvincing, given the growing effi-



The intolerance threshold nears

ciency of Italy's "labour importers."
The masterminds are frequently Sicilian or Neapolitan mafias, which supply would-be illegal entrants from North Africa with an "immigration pack" sufficient to pass through ports and airports: a return ticket to their pack" sufficient to pass through ports and airports: a return ticket to their country of origin together with evidence of a hotel reservation and ame pocket money to sustain the fiction that they are tourists planning to stay no longer than 90 days. Many other filegals are landed at night on deserted beaches to join the exploited army of landworkers picking tomatoes around Naples, or the Sicilian fishing fleet which could scarcely manage without its immigrant crews. Hitherto, the "race card" has only been played in Italy by regional political parties, such as the Lega Lombards, against immigrants from the south of Italy. Now there are signs that the Lega and other extremist groups are trying to mobilise against the growing, visible presence of coloured immigrants and, above all, the lack of public housing to accommodate them. Milan City Council's plan to build a city of tents to provide temporary shelter for immigrants has sparked flerce street protests from local residents, and incendiary leaflets from the Lega inveighing against the construction of "the Cashah or the Bronx in our neighbourhoods."

At the perticular insistence of Mr Gianni De Michelis, the Italian Foreign Minister, last December's Stras-

aion Minister, last December's Strasbourg summit called for a review of al policies on immigration and a broad debate on future policy later this year when the presidency of the EC falls into Italian hands. Rome is also planning a ministerial level EC conference on immigration problems. This is designed, among other things,

enable the Government to explain to domestic critics on the left, and to offended foreign governments, that its more restrictive approach on immi-gration is a matter of Community pol-

icy.

In the run-up to to these discussions, the Brussels review is now being masterminded by Ms Vasso Papandreou, the EC social affairs commissioner. At the same time, her Spanish colleague, Mr Abel Matuba, the commissioner responsible for relations with developing countries, has launched a drive for a new Communications. nity Mediterranean policy – simed partly at showing that eastern Europe has not eclipsed traditional EC ties

Money on a massive scale might help. But EC governments are not going to dig deeply into their own pockets

with the rest of the world, but also at: giving those around the Mediterra-nean's southern and eastern shores more incentives to stay at home. Community involvement in the highly sensitive area of immigration stems from the Single European Act's commitment to abolish internal fronnegotiated, the Commission asked member states to notify it formally of any new steps they were taking in immigration policy. Some member states challenged

this Commission request in the European court, but gradually, albeit reluctantly, the Twelve have come to see the need to fit their immigration.

policies into a coherent Community strategy, for one very good reason. In a free travel zone, like that which the Community aims to achieve for its own citizens post-1992, each state's defence against undestrable or illegal immigration (and crime and drugs) will only be as good the controls oper-ated by the other 11. So the Twelve have been striving

for common agreement on who should be let into the Community - or be let into the Community — or rather, because it is somewhat easier, on who should not be let freely into the EC. They are at present negotiating a so-called negative list of countries (expected to include, among others, Morocco, Aigeria and Tunisia) whose citizens will be required to get visas before travelling to the Community. The task is hard, because France requires entry visas of many nationalities, while the countries of Europe's soft southern underbelly, together with Denmark and to some extent Britain, require very few.

Britain, require very few.

The so-called Schengen group of
West Germany, France and Benefux
countries have tried to lead the way by creating a common travel zone of their own. The degree of mutual trust required to create such a zone is shown not only by the fact that even these relatively homogenous five countries have so far failed, de five years of effort; but also by their treatment of Italy. The latter banged was refused admittance by the Five until Rome had significantly tight-

ened its border controls.
Officials in Brussels and many national capitals argue that a common policy on visas will only ever be achieved if it is separate from other aspects of immigration policy, such as rights of residence and work.

It is, however, just this distinction that is beginning to be blurred. The European Parliament, with its socialist majority, is urging that non-EC citizens should have the same right to travel the Twelve in search of work as do EC nationals. At present, for instance, a Moroccan who legally resides and works in France has no automatic right to do the same in West Germany. But if non-EC citizens are denied the same freedoms as EC nationals, they may be condemned to remain in the pockets of high employ-ment, poor housing, indifferent schools in which many are presently

Europe's traditional immigrants can expect more competition from better educated east Europeans, even if the latter's flow into West Germany awob swolz

what can be done? Money on a massive scale might help. But EC gov. ernments are not going to dig deeply into their own pockets, and the limited resources of the EC Social Fund are wholly taken up in trying to reduce long-term and youth unemployment without distinction as to nationality.

nationality.

Repatriation schemes by EC governments have been a failure; immigrants simply take the money, leave and return. Mr Joseph Kiticki-Konamba, president of the Federation of African Workers in France, suggests that one solution might be for the EC to help train immigrants for worthwhile professional jobs back in their countries of origin. He cites the modest success of the intergovernmental Committee for Migrants in Geneva which has been training immigrants in Europe to return to Sonalia, Zimbabwe and Kenya.

More promising is a plan put forward by Mr Matutes. He makes a good case for some Community action. The

case for some Community action. The population (currently 200m) of the 14 pon-EC countries bordering the Mediterranean is increasing by 5m a year, precisely the total number of their citizens within the Community. In most cases, double-digit growth rates will be needed just to maintain domestic employment rates at current

Obviously, these countries would like the EC to be a safety valve for their surplus labour as well as a source of growing remittances (\$80n a new terms of the particular in t year at present from their nationals in the EC). "We cannot allow the old East-West tensions to be replaced by North-South tensions," says the Com-

To belp anchor the population of these countries at home, Mr Matutes suggests a multi-pronged strategy: promoting joint ventures and private enterprise, and giving the countries more market access for their products and more technical help to foster bet-ter domestic commercial opportuni-

Mr Maintes has full Italian backing for his plan, but Rome knows that it cannot wait for an economic transformation to the south to solve its grow-ing immigration problem. Its step-by-step solution has begun with a four-month legal amnesty to encourage all of the estimated 700,000-900,000 illegal immigrants in the country at the end

of 1989 to declare themselves. Mr Claudio Martelli, the Socialist deputy prime minister who is steering the policy, is also visiting Tunisia, Morocco and Algeria to encourage those governments to institute

stricter controls on travellers.

This approach is already a source of five-party coalition, with the small Republican Party condemning the failure so far to impose entry visas. These may now be inevitable, but not before, it seems, the rest of the Community is seen to require Italy to shelve libertarian principles in the cause of the smoother functioning of the interval majorite functioning of the internal market.

Not the man for ducks

■ It is going to be a bad Budget for the ducks, and that is offi-cial. John Major, the Chancel-lor, is breaking with tradition and abandoning the official Budget morning stroll in St James's Park to leed them. Instead, press photographers will be invited to snap him in Number 11 Downing Street as he presents British Empire Medals to two long serving members of the Chancellor's

Department.
By contrast, both Nigel Lawson and Sir Geoffrey Howe were enthusiastic promenader in St James's Park, using the occasion to take the family dogs for a walk.

Major has no dog. Moreover, the out of doors photocall has become increasingly hazardous in recent years. On one occa-sion, the lensmen were infiltrated by an intrepid reporter who tried to elicit Budget secrets from the Chancellot. Last year, Lawson was harangued by an anti-smoking

None the less, Major does seriously. Were it not for a pic-ture of him in The Times last week wielding a cricket bat at the Oval, one might be con-cerned that it is all work and

cerned that it is all work and no play.

This year there will be none of the usual photos of the Chancellor in the garden with his family on the weekend before the Budget. Major has chosen to be pictured opening a high-tech factory in his constituency of Huntingdon where stituency of Huntingdon when he has a majority of over 27.000. Obviously he thinks it needs woolng.

Gardini's boat ■ Raul Gardini invited around 1,200 guests to Venice at the weekend for the launch of his America's Cup challenger, Il Moro di Venezia. Franco Zeffi-

This is only the first of his

relli took pictures.

Granny's game ■ A round Rubik's cube has been invented in the Soviet

Observer

four challenges. The vessels are being built in Mestre, across the lagoon from Venica, by one of the subsidiaries of Gardini's Montedison chemicals group. Montedison is pro-viding a budget of \$10m a year for the four boats, although the race not due to start until 1992 at the earliest,

Gardini clearly takes it seriously: little point in reminding him that a previous challenger was Alan Bond.

Pinochet

General Pinochet of Chile is a hard figure to judge. He was undoubtedly a dictator, yet he also restored order and however reluctantly, has now given way to civilian rule.

The General has vacated the Presidential Palace in San iago, but has not completely left the scene. Pinochet has insisted on remaining Commander-in-Chief of the Army and has commandeered a building just across the street from the Palace to install his new army headquarters. From there, he will be able literally to look down on every step taken by the country's new

Pinochet has taken a coterie of advisers with him to monitor the new Government's progress, and it is possible that the now 74-year-old General has merely beaten a tactical retreat. In theory, he could try to stage a come-back in 1991 and stand for President Not long ago, he likened his destiny to that of Cincinnatus, the retired Roman Consul who was called back by his people

sident, Patricio Avlwin.

Probably not: nevertheless, the General is keeping his pres-idential sash as a souvenir.

tax, joined the ERM and pologised to Nigel Lawson. but it's just a rumour.

Union with protuberances called bureaucrats stuck onto the pieces which get in the way and prevent the globe being rearranged into pretty

To play the tennis-ball-sized toy, you move green, blue and white pieces around the equator and up and down the meridians to create bands of colour – green in the middle, blue and white at the poles. Six of the pieces, however, have excrescences on them. happily coloured red, which may jam, thuspreventing other pieces from moving.

The point of the game is to think up ways of circumventing the bureaucrats.
The toy was devised by a engineer and amateur puzzleo

logist from a metallurgical plant in Nizhny Tagil, an industrial city in the Urals. The inventor's name is Mr Babushkin, which means "Mr Granny". His invention has been approved by the Toy Council of the Ministry of Education and Babushkin says that he is now looking for a manufacturer and a catchier

name for the cube. It is currently called The Bureaucrat in the Apparat.

Ridley's way

It is, I suppose, quite likely that Nicholas Ridley, the Secre-tary of state for Trade and Industry, will leave the Cati-net in the summer reshable made inevitable by the forthcoming departure of Peter Walker, the Welsh Secretary. But he deserves a word in his

There was not a lot that he rods. One has no sympathy with the people who want the Fayed hrothers deported: some of them, left and right, would call for the deportation of almost any questionable foreigner. There is little point in taking a case to court if it is likely to lose, and there is no case at all for resorting to what could amount to retroactive legislation.

As Ridley implied in his statement last Wednesday, it might be different in future: We have since taken steps in the Companies Act 1989 to m the Compenies Act 1989 to make it a specific criminal offence for anyone knowingly or rechtsally to mislend the competition authorities."

Ridley has been spectacularly and intelligently right before. When he was a junior minister in the Foreign Office, he concluded that there should

he concluded that there should be a peaceful settlement of the Falklands dispute by means of leaseback. Britain would cede sovereignty, but continu to administer the territory. He was howled down in the House of Commons by the combined forces of left and

The Ridley way might have been a rather better solution for all concerned than the Faiklands War.

No connection ■ Card in a Fulham shop window: "For sale, Electric guitar and amplifier, and 12-bore shot gun. Both only used once.

The ideal thriving area for relocation is between **Manchester** and Liverpool



You Knowsky where we are



Contact: Jack Miller at the Department of Planning and Development on 051-443 2251 Knowstey Borough Council, Municipal Buildings, Archway Road, Huyton, Merseyside L36 9UX

James Buxton on criticisms of a 'branch economy' north of the border

ast week Scotland won the jackpot for inward investment. Two
US electronics companies.
Motorola and Conner Peripherals,
revealed that they had chosen sites in
Scotland to build large manufacturing plants, eventually employing between them more than 3,000 people. These projects will undoubtedly strengthen Scotland's electronics

industry and reduce unemployment The projects are unlikely, however, to banish the widespread feeling in Scotland that the country's economy is not regenerating itself sufficiently. In fact, they may reinforce the belief that Scotland is in many ways a branch economy, with few substantial big locally-headquartered manufacturing companies.
As independent Scottish companies

disappear, Scotland could be said to be melting away. It is not an easily visible process. The country's prosperity has strikingly increased in the past few years and Mr Malcolm Rifkind, the Scottish Secretary, pointed out in the House of Commons recently that its account whether recently that its economy probably grew faster than that of the UK as a

The state of the s

whole last year. But in the same debate, Mr Donald But in the same debate, Mr Donald Dewar, Labour's shadow Scottish Secretary, quoted a leaked internal Scottish Development Agency paper showing that since the mid-1950s there had been "a long-term relative decline compared to the rest of the UK and the rest of Europe" in the Scottish economy. Scotland, it said, had not generated enough output or employment to match the available labour. The result was high emigration, population decline and greater unemployment.

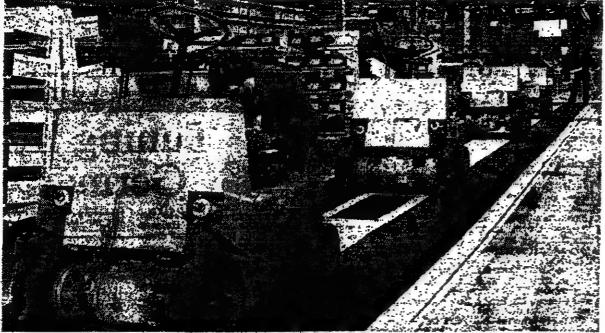
Mr Dewar was denounced by the Tories for peddling gloom, and the SDA's board has not approved the document. But the facts it contains are not disputed. Scotland's popula-tion of 5.1m is in gentle decline, as emigration outrums natural increase. emigration currums natural increase, in 1988 the number emigrating rose 65 per cent from the previous year to 24,700. Many of the most active and heat qualified young Scots are lured sway, mostly by the strenger economy of the south of England but some to Australia and Canada.

to Australia and Canada.

In the 1980s, the decision-making headquarters of such companies as Anderson Strathelyde, Distillers and Britoil passed out of Scotland. Whether these and others are better or worse off for having been taken over is debated endlessly. But when a Scotlah company comes under external control, its managers are less nal control, its managers are less likely to think automatically of expanding in Scotland.

expanding in Scotland.

And, as Professor Jack Shaw, who runs Scottish Financial Enterprise, a pressure group for the financial sector, points out, when decision-making headquarters go, their power of patronage usually goes with them. The companies are less likely to provide high quality work for account. vide high quality work for accountants, lawyers, public relations and advertising men. There are fewer opportunities for people aspiring to be



The lift-truck plant at Irvine, Scotland owned by Hyster of the US

Why Scotland fears it is melting away

managing directors, finance directors, merchant bankers, corporate tax experts and corporate lawyers.

Branch factories owned by foreign multinationals, which comprise about 30 per cent of Scottish manufacturing industry, have similar effects, "They're the only way you're going to create 500 jobs overnight," says Mr Alastair Macpherson, head of the SDA's electronics division, "and they bring technical and managerial skills." But, he adds, "you also get a very lop-sided type of economy. You get a heavy preponderance of manufacturing and engineering jobs and very few marketing jobs."

Silicon Glen, as the Scottish electronics industry is called, employs about \$5,000 people. But the multinational companies have not spawned a vigorous indigenous electronics sector. Scottish-based companies supply only 15 per cent of all components consumed in Scottand, as multinationals prefer the suppliers they know.

The multinationals' plants tend to have few people who know the entire hundress and are in a position to form

have few people who know the entire business and are in a position to form companies of their own. The number of such "spin-outs" from multinationals in Scotland is pitiful. Neither Motorole nor Conner has any plans to

locate research and development or marketing operations in Scotland in the short or medium term.

The SDA has made hig efforts to help new compenies come into being in electronics, as well as hiotechnology and other fields. But many of the most promising have followed the hig companies and lost their independence for example, Fortronic, which developed electronic banking systems, was taken over in 1967 by De La Rue.

Last December, Matsushita of Japan paid £8m for control of Office Workstations (OWL), a company with sales last year of £2m, which in six years has become one of the world's leading psoviders of software systems for reading electronic documents.

The takeover of smaller companies goes on in other fields. Apollo Hinds, one of Britain's largest makers of window hinds based in Glasgow, was sold last year to Ashley Group. HLD, the management buyout group which in 1968 and 1969 acquired Clark Kinonid, the marine engine makers, and Ferguson shipyard from British Shipbuilders, recently sold a controlling stake to Kwaerner, the Norwegian group which owns the Govan ship-yard.

group which owns the Govan ship-

become stronger. Fortronic, for example, which sometimes struggled before De La Rue moved in, has been expanding. HLD needed an injection of capital to continue to expand. OWL is likely to grow even faster under Matsushita. Mr Macpherson says:

"The downside of the takeovers is that "The downside of the takeovers is that companies which lose their autonomy may have more difficulty in responding to opportunities than ones that don't. The upside is that they should have easier access to finance and technology if they are allowed to respond."

However, many Scots believe that these deals are destroying part of the seedcorn of the Scottish economy. Prof. Shaw says the companies.

seedcorn of the Scottish economy. Prof Shaw says the companies involved made perfectly rational economic decisions, but that each such takeover means one less company that might have grown into a large independent satily based in Scotland. Among Scottish based companies, Grampian Holdings, the industrial conglomerate, and Lilley, the construction group, are among the few that are particularly acquisitive. But Mr Peter Paimer, who runs Spider Mr Peter Paimer, who runs Spider Systems, an Edinburgh company which makes systems for computer

over (now approaching £10m) each year since it was founded in 1983, says: I absolutely reject the critical attitude that the Scottish media displays towards these takeovers. By pilorying the entrepreneur who cashes in you discourage people from starting in the first place.

The man who builds a business up to 15m or 110m turnover is not neces-

sarily the one to take it to £50m or

Some Scottish companies are deter-mined to remain independent. The mined to remain independent. The Wood Group, Scotland's biggest indigenous official services company, run from Aberdeen by Mr Ism Wood with a turnover last year of £82m, has no wish to go public. Mr David Murray, the businessman who runs Murray International, which expects sales of £112m this mean and converte in nonfillon this year and operates in property development, steel stockholding and electronics, once talked of going public but now says he wants to build up a strong Scottish-based company.

Mr Palmer, who intends in due course to seek a quotation for Spider Systems, says: "The key question about these takeovers is whether there are new companies coming up there are new companies coming up to replace them."

to replace them."

The overall statistics are not ressuring. Scotland does not appear to spawn as many new companies as most other parts of Britain. Net new VAT registrations between 1980 and 1987 increased by 11.4 per cent in Scotland, against the average for the UK of almost 14 per cent. Only 2.4 per cent of the companies on the unlisted exception market at the end of last securities market at the end of last year were Scottish.

Scotland, according to Mr Brian Ashcroft of the Fraser of Allander economic institute in Glasgow, has fewer of the ingredients which appear to lead to business creation than other parts of Britain. The proportion of penuls are the transport that are homes. of people owning their own homes -a measure of the wealth that might be a measure of the wealth that might be available to invest in new businesses.

Is low, and houses are less valuable. Scotland had only 44 per cent owner-occupation in 1988 compared with 65 per cent in Great Britain as a whole. In addition, Scotland has a relatively low proportion of its population in the professional and managerial discussional secures them.

If those reasons are correct, than Government policies that have increased home ownership and self-employment are steps in the right direction. Yet they may not be enough People like Prof Shaw believe the fundamental problem is to persuade the Government that relative decline in the regions — as a result of centralising policies and the workings of the British financial system — works to the disadvantage of the works to the disadvantage of the national economy. The less wealthy a region is, the less revenue it can produce to keep its public services going and the more money it needs to get from central government in rate support and regional assistance," he says. It is a message that a thrifty government ought to understand.

The Bazoft case gives the lie to Iraq's promise of change, argues **Edward Mortimer**

How not to make friends

FOR TWO days last week a conference at the Royal Institute of International Affairs (Chatham House) discussed "Iraq in the 1990s." Such conferences are intended to be self-financing: the attendance fees are high, and the subjects chosen are those thought likely to interest the business com-

munity.

Iraq is clearly in that category. It has the second-largest oil reserves in the Middle East. After its victory-on-points in the gruelling eight-year war with Iran it has emerged as second only to Israel among the military powers in the region, and aspires to play a leading political role. It is engaged in a phase of intense postwar reconstruction, while postwar reconstruction, while at the same time seeking to build up its arms industry in order to maintain a qualitative dge over Iran and its other

In short, Iraq is an extremely interesting potential market. Yet business prospects are clouded by financial, political and ethical doubts. Last year's revolations about the activities of Banca Nazionale del Lavoro revealed the subterfuges to which Iraq, saddled with crip-pling war debts, has resorted in order to finance its missile development programme. Political risks are hard to assess in ical risks are hard to assess in a country where power is so heavily concentrated in the hands of one man, President Saddam Hussein, but inevitably the question arises whether Iraq might not be affected by the wind of change that has swept away other regimes which in the past relied on Soviet support.

Above all Irag's business

Above all Iraq's business partners have to ask them-selves whether it is politically wise, let alone ethically proper, to strengthen the economy of a state which not only shows no respect for human rights but is the front runner in a regional arms race, and has shown itself willing to use weapons of mass destruction in violation of international law.

At the Chatham House conference, under some sharp questioning, Iraq's deputy for-eign minister, Mr Nizar Hamdown, admitted that some of the human rights charges were

true, but claimed that with the war behind it Iraq was now anxious to turn over a new leaf. There would be no return, he said, to the ideological sses of the 1970s. Economically the state was no longer relying exclusively on the can-tralised "command system," but was introducing policies that favoured private enter prise. Freedom to travel abroad had already been restored to lraqi citizens. A dialogue had been opened with Annesty International. Soon there International. Soon there would be a new constitution and even multi-party elections. Some outside experts gave at least qualified support to Mr Hamdoum. The violence of the regime, they argued was the product of extreme insecurity, and foreigners would only make matters worse if they ostracised it internationally while excipe on its internal while egging on its internal opponents. A better way to promote change would be to encourage social and economic development and maximise external contact.
I was half convinced. Not

that I would ever give Saddam Hussein "the benefit of the doubt." But I might just be persuaded that his rule has been snaded that his rule has been in some sense a necessary evil, an unavoidable if grim period in Iraq's turbulent history, and that less misery would be caused by its consolidation than by further attempts, necessarily violent and probably faille, to overthrow it. At least, I began to think, it might be time I went again to Iran to sae I began to think, it might be time I went again to Iraq to see for myself whether the atmosphere really is changing.

But then, the day after the conference, I switched on the radio and heard that a fellow journalist who went to Iraq at the Government's invitation to report for a British newspaper, had been sentenced to death by an Iraqi court for trying to do

and been sentenced to death by sn Iraqi court for trying to do his job. Unless and until that journalist is released, alive and unharmed, Mr Hamdoun should not suppose that I or any other western journalist will wish to visit iraq, no matwill wish to visit riad, no mat-ter how persuasively the invi-tation may be phrased. It is not too much to hope that those who want to make money out of doing business with Iraq feel similarly moved.

All jolly good fun in the House of Fraser affair

From Mr A. Thompson.
Sir, The House of Fraser case throws up some fascinating areas of the law.

The Department of Trade

and Industry inspectors, taking evidence in secret as they please, can denounce directors of a major company as thor-oughly rotten apples who, if allowed to remain in the coun-try, should not be left in charge of a whelk stall. The authorities then do.

nothing about it since the findings, whether true or false, might well not stand up in a court of law under normal rules of evidence and proce-

This is all jolly fun. If it is such a good idea for this to be done to directors, perhaps we should have the same procedures for politicians and other influential figures in our

Why did it take 18 months of globe-trotting by the Serious Fraud Office to discover the horrifying fact that people can-

not be brought back in hand-cuffs from Egypt to tell us how much money they think the Fayed family might have pos-This should not have sur-prised them. It is not as if Scot-land Yard can itself help with witness statements when the

winess statements when the purisdiction problem is the other way round. Within recent months, it has been reported that a suspected murderer in California will probably walk free, because a known witness to the killing who lives in London does not want to get involved and can-not be made to testify.

Does it really matter with whose money the Fayeds bought House of Fraser? They made a cash bid and their cheques were honoured. Are former than cholden constant that their money might not have come from a good ho They have probably spent it on

something else anyway. In all the House of Fraser group, the only company

From Mr Doug McAzoy.
Sir, Emma Tucker's report
on staff-room opinion in
schools ("Teachers complain of
ministers' ignorance," March 3)
rightly identifies the causes of low morale among teachers: poor pay and the pressures of implementing the national curriculum with insufficient

resources and time. However she incorrectly represents the position of the National Union of Teachers over industrial action as a remedy for these ills.

Her claims that we are adopting a low-key approach to industrial action because we lost members in earlier disputes is not true. We are currently not planning to strike or hold a ballot on industrial action. We prefer to pursue our pay and education objectives

NUT's campaign of persuasion through a campaign of public persuasion through which pressure can be put on the Government.

That campaign is beginning to be successful. The Government acknowledges the need to spend more, but not enough on school buildings, for example.

More public support is needed if education is to receive the resources needed

and teachers are to be paid sal-aries comparable to those in industry.

We are more likely to earn that support — and keep it — by a continuing campaign of nergositor rether then by dispersuasion rather than by disruption.

Doug McAvoy, General Secretary, National Union of Trachers,

whose capital adequacy con-cerns the UE authorities is Harrode flank - and the Benk of England is evidently con-tented with its affairs. The bank is presumably a limited liability company, so the Bank of England is quite properly not concerned with the capitalisation of its perent, let alone the personal wealth of its beneficial shareholders.

Even if a company's share-holders consisted of all living members of the Vanderbilt family, plus the Aga Khan and the Crown Prince of Abu Dhabi, they could all walk away from any corporate disas-ter, less the money which they had invested in it. Indeed, the fewer outside assets a com-pany's shareholder-directors own, the more diligent their

own, the more diligent their stewardship of the company is likely to be.

A fool and his money are soon pured. If Colonel Godoffi could not see his way to wrecking the British economy by bankrolling the coal strike

in 1984-85, could the friendly Sultan of Brunei have done as much harm by putting the Fayeds in funds at the same time?

Whether the Sulian or any-body else considers that he has an enforceable agreement with the Fayeds is an interesting matter for speculation. So too is the motivation for the offforgotten sale of House of Fraser shares to the Fayeds by Lourho.

These matters need not, however, command the atten-tion of Cabinet ministers, the House of Commons or the Met-ropolitan Police.

The only UK authority which might conceivably need to worry itself over the Fayeds' wealth (depending on their present or future tax domicile) is the Inland Revenue and it does not often lose sleep over people who pretend to be better off than they really are.

Andy Thompson,

28 Counal Drive

Woroster Park, Sharms

Dounreay and the North Sea

From Mr Douglas McRoberts.
Sir. Your report on the
North Sea Conference ("Patten
told to end dumping," March 8)
raises, interesting issues in
relation to Doumreay.
Although there have been

Although there have been calls to abandon the proposed European Demonstration Fast Reactor Reprocessing Plant (EDRP), a Norwegian marine expert, Dr Gunnar Furnes, of expert, Dr Gunnar Furnes, of Bergen, confirmed at the pub-lic inquiry into the scheme in 1986 that Dounreay did not damage Scandinavian fishing grounds or environment. Low-level radioactive dis-charges from Dounread's exist. charges from Dounreay's exist-ing plants have for many years been a tiny fraction of author-

ised levels. The proposed plant, if built, would produce even

lower environmental impact

through the application of

Sea covironment.
Douglas McRoberts,
Chief Press Officer,
Atomic Energy Authority,
11 Charles II Street, SW1

more advanced technology.

The conference quite correctly called for the destruction of PCBs. As you reported last year, one of the most promising techniques for this has already been demonstrated at Dounreay. The electrochemical process, known as Dounreay Silver, operates at low temperatures and does not temperatures and does not involve incineration with its possible hazards, such as pro-duction of dioxins. In principle, the system could be designed as a mobile rig and taken to the PCBs rather than the other way round. So Dounreay may fairly claim to be doing its share in protecting the North

The miners' strike and 'political aims' of the NUM leadership

From Mr D.G. Franklin. Sir, If Professor Towers (Letters, March 8) honestly believes that the "supposed" political aims of the National Union of Mineworkers' leadership were small beer, he is either badly informed or palve. Mr Arthur Scargill has always been totally honest in disclosing his aims and ambi-

tions. After defeating the

interview to the New Left Review in June 1975. The 30-page report quotes him: "We were out to defeat Heath ... because we were

fighting a Government. We had to declare war on them and the only way you could declare war was to attack the vulnerable points. We were only opposed to the distribution of issue is a very simple one: it is

coal to industry because we wished to paralyse the nation's economy. We were fighting a class war and you don't fight a war with sticks and bladders."

If Professor Transies has care If Professor Towers has any doubts as to the political aim of the leadership of the NUM, he need read no <u>further</u> than

accept that is is anything else because it is a class battle, it is a class war. Whilst it is them and us, my position is perfectly clear. I want to take FROM them FOR us, in other words I ownership everything in



THE EUROPEAN PUBLIC SECTOR MARKET

LONDON 18 & 19 APRIL 1990

Come and do business in the European Public **Sector Market**

The European public sector market is worth £3 billion a year. The biggest unexploited market in Europe - in which you can sell everything from paperclips to power stations. If you're involved in buying or selling in this market, you should come to the 'Go Public' conference. There will be a 30 per cent discount on the conference fee for small companies.

Key speakers from around the Community will include:

Sir Geoffrey Howe Deputy Prime Minister, United Kingdom Antonio Cardoso e Cunha European Commissioner

Klaas Von Ehren Technical Director, Posts and Telecommunications, Federal Republic of

Dr Diego Siclari Director General, Central Government Procurement Office, Italy

Erik Fischer Director, Directorate of State Purchasing, Denmark

Tom Critchley Director, Procurement, National Health Service, United Kingdom

Alain Gillette President, UGAP, France W.J.A Van Helden Director, Ministry of Defence, Netherlands

For more information and to reserve your place contact: Don Webb or Joan Sibley 01-217 4126/4043 Liza McKinney or Michele Shemming 01-217 4059/4131 Fax 01-976 5736.

A National Economic Development Office Conference



Millbenk Tower, Millbank, London SWIP 4QX



FINANCIAL TIMES

Monday March 12 1990



Brady urges co-ordination of market rules

By Peter Riddell, US Editor, in Washington

MORE co-ordinated regulation of US stock and futures markets is now being considered by a high-level working group of the Bush Administration with Mr Nicholas Brady, the Treasury Secretary, pressing for these markets to be supervised as a single entity.

A letter setting out the main options by Mr Brady to the leading members of the securi-ties sub-committee of the Senate Banking Committee became public over the week-

The central issues are the division of regulatory responsibility between the Securities and Exchange Commission (SEC), covering stocks and options, and the Commodity Futures Trading Commission (CFTC), covering stock index futures, and the margin

By David Goodhart in Bonn

DEUTSCHE BANK, West

Germany's higgest bank, has a 500 sq m stand at this year's Leipzig Spring Trade Fair, cas-fly the largest company stand

The fair, which opened yes-terday, symbolises the new western, and especially West German, flavour of the East-West Trade Fair. Until this

year it functioned as a giant

ublic relations show for the

About half of the 9,000 com-

panies are from western countries with 1,000 alone from

West Germany a 25 per cent increase on last year. More important, it will be the west that will call the shots.

Instead of attention focusing

on which western stand is honoured with a visit from a junior East German Industry

Minister once a sure sign that a small order would follow-the spotlight will focus on

such companies as Siemens, General Motors and Thyssen,

and their joint-venture plans. With continuing uncertainty about the legal framework for business, and one week before East Germany's first demo-

requirements for these various contracts.

There is apparently no agreement yet on the working group which includes representatives of the Treasury, the Federal Reserve, the SEC and the

The options range from merging the SEC and CFTC — a move strongly resisted by the latter – the futures industry in Chicago and its many allies in Congress, to a reorganisation of regulatory

Mr Brady, who formerly ran the Dillon Read securities group and headed the presiden-tial commission into the 1987 market crash, has empha the problems resulting from fragmented regulation, such as unharmonised margin require-ments, unco-ordinated circuit-

new-look Leipzig Fair is argu-

ably a few weeks too early. But that failed to prevent a

wave of joint-venture

announcements yesterday, with more due this week.

Opel, General Motors' West German subsidiary, announced a joint venture with the East German makes of the Wartburg car, AWE, least at Emmanh.

Opel wants to take a majority share in a new plant in Eisenach to produce about

150,000 cars a year from the Opel model range.

Siemens announced an exclusive co-operation deal with the main telecommunica-

with the man telecommunica-tions group in East Germany, Thyseen said it was opening an office in Leipzig; the West German conglomerate Preus-sag-Salzgitter announced closer the with the East Ger-man steel company Herman

Matern; Krupp wants a Joint venture with the Karl Lieb-knecht beavy machinery group of Magdeburg; and Deutsche

with an instruments group,

also besed in Magdeburg.

Doutsche Bank itself initially lagged behind the other

sed at Einmach



breakers and inconsistent In a speech last month he

hig West German banks in Rast Germany, but it now has 10 teams sweeping the coun-try, armed with the most com-

man enterprises available,

seeking companies to throw money at. The bank also looks

money at 1 ms sent Germany's set to manage East Germany's first privatisation of the securica works in Hermsdorf,

The growing together of East and West Germany-fur-ther underlined by last week's autouncement that East Ger-

many will adopt West German industrial standards will be the main but not the only

show at Leipzig. Modernisation of the Soviet

and other east bloc counties will also be a those. Mr Gerhard Bell, East Germany's Foreign Reconomic Relations Minister, yesterday drew attention to the fact that one-sixth of all

the Soviet Union's imports

come from East Germany. There will be some new

faces this week. The US, for example, is sending Mr Thomas Duesterberg, the

Assistant Commerce Secre-tary, easily the most senior representative it has seni.

Thuringia.

ensive data on East Ger-

East German showcase shifts west

argued that these inconsisten-cles, such as lower margins on stock index futures than stocks, have been the root cause of excessive volatility rather than computer-based trading systems. On his view they have led to high leveraging in stocks as well as ineffective enforcement.

Noting that all countries with major securities markets ulator for stocks, options and futures, Mr Brady has consistently argued that the US markets should be regarded as one and regulated such. He favours a martiar ket approach rather than piecemeal solutions.

Among the options outlined in the letter are: • Merger of the CFTC and SEC:

◆ Giving the SEC exclusive

Some old faces will be back wearing new masks. Mr Siegfr-led Mueller, for example, a sesior official in the Bast Ger-

man Foreign Economic Rela-tions Ministry, has spent many

Leipzig fairs trying to per-

offending his superiors. Now he has become a private con-sultant working for various

But beneath the excitement there is anxiety. The fair organisers fear, along with much of East German indus-

try, that they will not be able to compete in a unified Ger-many: at slick industrial fairs

in West Germany you do not have to wait half an hour to make a telephone call.

Indeed, Mr Hans Modrow,

the East German Prime Minister, urged yesterday at the fair's opening that East German companies should not sell out to western capitalism.

Better sales rather than sell-

ing out must be the principle," he said. "We have also got something to contribute."

ople that liberalisation of people that Housaucratic trade the once bureaucratic trade rules was imminent, without was imminent, without jurisdiction over all futures except those related to tangible modifies;

© Giving the SEC exclusive jurisdiction over stock index futures only, and perhaps related margins, although consolidation of margin-setting outside the SEC could also

Mr Brady said last month that the radical step of merger may not be necessary and that other approaches could work, "but we need to do something and we sought to do it soon." Congress is considering leg-islation on market reform giv-ing both the SEC and the CFTC greater emorcement and data collection powers, but there remains considerable controversy in the securities and futures industries over

Bank ready to relieve pressure on sterling

By Peter Norman, Economics Correspondent, in London

THE BANK of England will be prepared to intervene in sup-port of the pound if the cur-rency comes under renewed selling pressure this week.

The Bank sold up to \$500m of reserves last Friday amid

mounting political protest against the new community charge, or poll tax, and growing uncertainty about the position of Mrs Margaret Thatcher as Prime Minister.

However, the Bank's actions will be subject as always to minute-by-minute judgment of conditions on world currency markets and not geared to supporting the pound at any given level

Mr John Major, the Chancel-lor, is understood to be reluc-tant to counter the pound's weakness with a further politi-cally damaging rise in bank base rates from the current 15 per cent level.
Although Mr Major has always insisted that he will put

interest raises at whatever level is necessary to bear down on inflation, he has shown a marked reluctance in the past to lift hase rates in response to bouts of sterling weakness caused by short-term political

The view in Whitehall is that when it lost 3.75 prennigs against the D-Mark and nearly 2% cents against the dollar, mainly reflected wild remours on currency markets that Mrs Thatcher had resigned and an marger has resigned and an enaggerated perception among foreign holders of sterling about the seriousness of last week's were of demonstrations against the community charge.

Although there have been community that the community charge.

some ambiguities in recent sta-tistics — such as last week's announcement of a recent rise in consumer credit in January — the general feeling among officials is that the policy of squeezing demand and infla-tionary pressures out of the economy is working, albeit slowly. slowly.

Treasury officials point out that the full effects of the

that the full effects of the recent rise in mortgage rates to around 15.4 per cent have yet to be felt by borrowers.

When the pound weakened in November and December after the resignation of Mr Lawson as Chancellor, Mr Major took the view that Bank of England intervention was the best way of checking corrency movements that had no economic significance. He allowed the pound to fall quite substantially while leaving base rates unchanged. He was rewarded with a steady rise in the pound's value during Janu-

the pound's value during Jame-ary and February.

Many City of London analysts believe that the latest decline in the pound has increased the research of Mr. increased the pressure on Mr Major to announce a cantions

Bank plans run

Continued from Page 1 rates for the Ecu,

seats. As it is, only 22 gover-nors are envisaged, so that-smaller countries must share. Delegates were also divided over what kinds of decisions should be taken by a qualified majority of the bank's board.

The even more sensitive

The even more sensitive questions of who will be the bank's president and where it will be based have deliberately been left until the basic constitution is out of the way:

THE LEX COLUMN

Tuning in to the German voter

One has to go back to the departure of Mr Helmut Schmidt as West German chancellor in 1982, to find a German lection concentrating financial minds as much as next Sunday's ballot in the East. The whole German question is now thoroughly perplexing.
Deutsche Mark bonds seem to
be marking time, at last; but
they are doing so at yields only
a fraction below 9 per cent, at a time when German equities on the other hand have risen four per cent in the last fortnight. Neither is there much hope, whatever results the March 18 elections deliver, of a defini-tively clearer picture. A best guess is that whichever comes out on too in the East, Chan-cellor Rohl's CDU or the SPD, there is no upside fer bonds in the near term, even though the winner next Sunday could thereby he heading for victory in the West German elections later this year. As regards equities, in SPD victory would underwine them, especially if Mr Oskar Latontaine, the Saurland premier, is confirmed next week as party candidate for

The reasoning, regarding bonds, is that the worries which are keeping them down no longer revolve around fears of a bungled monetary union ratcheting up West German inflation. The real bogey-man is the market's longer-term fears of the costs, especially in a free-spending German wel-fare state, of reunification. On fare state, of reunification. On this score, there may not be much to choose between the CDU and SPD. Mr Lafontains, for example, actually sounds less gung-ho than Chancellor Kohl about rapid reunification. Equities are something else. If Mr Lafontaine is to be the SPD's standard-bearer, the international investors who have been proposing up the have been propping up the German market will ponder whether he is another Helmut Schmidt (quits good) or a Teutonic Ned Klamock. Their worries would centre on all his speeches about the springer. speeches about the environ-ment and social responsibility, and what they mean for prof-

Takeover bids

The pace of corporate activity on both sides of the Atlantic seems to be picking up again. Last week Reckitt and Colman and Pathe Communications each launched \$1.2bm takeover bids for tasty morsels UK, ADT's Mr. Michael Ash-croft and Sir Ron Brierley con-tinue to circle companies as diverse as Vickers, BAA and Christies, making threatening

West Germany FAZ Aldien Index

noises. However, these types of predator are increasingly the exception. Corporate activity can no longer be relied upon to prop up equity values in the same way as it did last year when mere talk of a bid could put 18 per cent on the GEC share price.
Indeed, the sharp drop in the

Nov 1989 Jan 1990

value of speculative takeover stocks is one of the features of the market on both sides of the Atlantic over the last six months. In the US, it was the failure of the highly-leveraged UAL management buy-out in October which marked the turning point. The Dow Jones industrial average has recouped almost all of its subsequent losses but the the shares of UAL, which were to have been bought for \$300 arisce, are still trading around the \$130 level. Last week Hil-ton Hotels, which had been try-ing to sell itself for \$120 a share, took itself off the market and its shares are now

back around \$50.

In the UK, the overvaluation caused by the promise of highly leveraged bids was never as pronounced. Nevertheless, the retreat of the share prices of potential UK bid stocks has been marked. Over the last six months, the shares the last six months, the shares of Scottish and Newcastle, Storehouse and Asda have fallen by around a third even though the market is virtually unchanged. And although the inchanged. And although the overall stock market is still less than 10 per cent below its all time peak, Cadbury Schweipes' shares are a third below their peak, Allied Lyuns' shares are more than a fifth lower and Unigate's are 40 per cent down. There has been a detarticeation in trading condideterioration in trading conditions, but the collapse of speculative bid premiums has been

house and Azda, for example their shares are 70 per cent and 50 per cent off their respective ·\$ 10

Rising interest rates, a slowing economy and increasing nervousness on behalf of the bankers, have greatly reduced the appetite for leveraged bids. Required levels of interest cover are once again rising because gearing works both ways. In a falling market it means that assets often have to be sold for less than they seemed worth in a more benign

Consequently, leveraged bids are no longer inflating takeover prices and in some cases distress sales by heavily indebted companies are depressing bid prices. The net result is that takeovers are once again being driven increasingly by strategic and commercial reasons rather than financial anomalies. This is no bad thing, but it also means that the heady pace of takeover activity of the last couple of years is a thing of the

Convertibles

The Jameel bid for UK motor dealer Hartwell comes to a close today with the intriguing possibility that both sides could claim victory. Jameel may fall short of the 50 per cent mark in ordinary shares but it has already declared its effer the convertible prefer. offer for the convertible preference shares unconditional. So when the shares convert in 1992, Jameel could theoretically be able to take control, though it would still be required to make an offer for the rest of the equity. Hartwell may thus win only a stay of

This Trojan horse element in convertible preference shares cropped up last year in the Boots bid for Ward White. So much of Ward White's equity

— 40 per cent — was in the
form of convertible preference shares that Boots could thecretically have been able to win the bid while owning only 37 per cent of both classes of

fage 27

DESCRIP

issuers could well be the lack of liquidity in some issues, which may make shareholders more eager to accept a bidder's blandishments. Even otherwise loyal institutional shareholders may accept convertible offers, in an attempt to realise some value from the bidding process. UK retailers were a prime target of corporate activity have long since gone. Although it is possible to identify predators on the share registers of Store-

Israeli coalition split over US proposals By Hugh Carnegy in Jerusalem ISRAEL's Likud-Labour Colleagues, threatening pied Territories include residents of Jerusalem and Arab to quit the Government. Labour colleagues, threatening pied Territories include residents of Jerusalem and Arab figures previously deported figures previously deported from the territories include residents of Jerusalem and Arab figures previously deported from the territories include residents of Jerusalem and Arab figures previously deported from the territories include residents of Jerusalem and Arab figures previously deported from the territories include residents of Jerusalem and Arab figures previously deported from the territories include residents of Jerusalem and Arab figures previously deported from the territories include residents of Jerusalem and Arab figures previously deported from the territories include residents of Jerusalem and Arab figures previously deported from the territories include residents of Jerusalem and Arab figures previously deported from the territories include residents.

paralysing peace efforts while the two parties again lurched towards the break-up of their

towards the break-up of their fractious conlitium.

On a day when the nation's children donned fancy dress to celebrate the annual "Purim" Jewish holiday, the tattered disguise of unity worn by Mr Yitzhak Shamir's Government during its 15-month life looked irretrievably torn.

Labour had demanded that Mr Shamir's hardline Likud accept by last Wednesday the US formula on talks without attaching conditions, but allowed a postponement. When Mr Shamir again refused to put the issue to a vote at yester-

the issue to a vote at yester-day's meeting of the 12-man inner cabinet, Mr Shimon walked out with his five posal for elections in the Occu-

peace process and by this stopped the peace process itself," Mr Peres said. "The amputation of the peace pro-cess is the end of this Govern-ment."

However, the Labour minis-ters stopped short of withdraw-ing immediately from the coalition. Several days of intense political jockeying, during which compromises will almost certainly be floated, will ensue before the fate of the Government is decided, possibly during no-confidence motions due for debate in the Knesset (parliament) on Thurs-

day.
At issue is the US proposal that the Palestinian delegation to planned Israeli-Palestinian talks in Cairo on Israel's pro-

figures previously deported from the territories by Israel. This was devised to meet mini-mum demands of the Palestine Liberation Organisation, with which Israel refuses to negoti-

but Likud regards them as a threat to Israeli control of Jerusalem and as de facto recognition of the PLO. Mr Shamir, under strong pressure from both allies and rivals

from both allies and rivals within Likud not to give way, refused to budge.

Yesterday, Mr Yitzhak Rabin, the Labour Defence Minister, proposed as a compromise reterring the issue of Jerusalem to the Knesset, but said Likud rejected it. He has been the linchpin of the coalition from the start, holding it together through repeated crises between Labour and Likud.

and said he hoped the Govern-ment would not fall.

If it does, both Mr Shamir and Mr Peres will try to set up narrow-based coalitions with the support of small parties. If they fail, a general election is likely within a few months. Meanwhile, the prospect of suriy peace talks has receded

early peace talks has receded sharply.

A key consequence of that is the question it raises over larsel's relations with the US, its principal ally and provider of \$3bn in annual aid. The Bush Administration has signalled growing irritation with Mr Shamir. For his part, Mr Shamir told the cabinet yesterday the US had altered Israel's election plan of last May and involved the PLO contrary to Israel's better judgment.

Gorbachev urges future sharing of power

Nationalists from the Baltic republics, and from Georgia, are also expected to boycott new presidency amounts to a reinforcement of central authority just when they are seeking radical devolution of power. The deputies from Lith-uania are expected to stay away, because of their decision

to opt for outright indepen-Their decision means that the Soviet leader cannot automatically expect the necessary

conservative wing of the ruling party, deeply disturbed at the social unrest spreading across the Soviet Union, and the rebellion against Communist Party authority in many key industrial areas across the

two thirds majority in the Con-gress of People's Deputies for the constitutional changes he

WORLDWIDE WEATHER

country.

Yet in classic style Mr Gorbschev switched from defence to attack, taking the political debate in the party further down the path of reform, albeit deseed up in familiar ideologic dressed up in familiar ideologi-cal language.

Mr Gorbachev was also expected yesterday to face renewed criticism from the and is open to co-operation and is open to co-operation with Communist and workers' parties, with socialist and social democratic, liberal and national democratic parties, with all public forces and movements that are for peace and social progress," he said, according to Tass, the Soviet

news agency.

He said that the "struggle for political leadership in the framework of democratic procedures and election campaignes" and from how on paigns" would from now on

tant functions of the par-ty – and its rules must reflect it. that the party, as a ruling party, bere political responsibility for the state of the comtry. For that reason, he said "trivial parliamentary games are not for this party. This demands that the Soviet Community Party should not keep away from participation in the away from participation in the solution of the vital problems

of the country."

Mr Gorbscher even dared to consider – and reject – suggestions that the party abandon the name Communist

Lithuanian independence Continued from Page 1

ing the recent elections to the authority. local parliament.
The Supreme Soviet also

The Supreme Soviet also rubbed salt in the wound of its independence resolution by changing the name of the "Soviet Socialist Republic of Lithuania" to the plain "Republic of Lithuania."

The newly elected deputies also ceremoniously tore from the walls of their chamber the official emblem of Soviet power—"the red one," according to a Sajudis spokesman. This will be later replaced by a knight on horseback. on horseback. Central Soviet television

ters had also given up its

"no other constitution except the Lithuanian constitution has any power."

Mr Landsbergis offered his defeated rival one of the posts of vice-chairman of the Supreme Soviet. But Mr Brazauskas turned it

down and all three vice-chair-men are now leading members of Sajudis. Sajudis backed-candidates controls two thirds of the seats in the Lithuanian Supreme Soviet - a majority large enough to force through the constitutional changes needed to declare independence.

It sent a resolution to the

Supreme Soviet declaring that

into trouble

Meanwhile, the US and Japan are questioning whether the European Investment Bank, the EC's development bank, should be a full member, on the grounds that countries only should be allowed board seats. As it is only 2 countries



should take our name-Kuwa mational Investment Company—at fact value. Given the increased scope and geographical beauth of our activities, it is more appropriately of our activities, it is more appropriately for the sections of the sections.

bunk, than as simply an investment company. For instance, we manage and underwrite new issues on a world-wide

national stock and bond markets, in particular our international equity portfolio, which we have substantially upgraded. investment opportunities, why not contact us? We can point you in the right

KUWAIT INTERNATIONAL INVESTMENT COMPANY

Al-Saihia Complex, PO. Box 22792, Safat, 13088 Kuwalt,
Telephone (General): (965) 2438273/9. Teles: 22325 InTVEST KT,
Tel. (Uk.) Marketable Securities: (965) 2464788. New Issues: 2413529. Treasury: (965) 2410626

reported last night that the Lithuanian Council of Minis-

FINANCIAL TIMES COMPANIES & MARKETS

Monday March 12 1990



INSIDE Brawling to decide



THE REAL PROPERTY.

resembles

2. -- 12/2/22

ALTI ADVIS

Carlotte State Control (1) という 10元章 225章

The territorial battle: between the Commodity Futures Trading Commission and the Securi-ties and Exchange Commission is rapidly degenerating into an ugly brawl. The SEC is using Congress's vacil-lation over the reauthor-isation of the CFTC to try to extend its own empire, pushing the CFTC on to the defen-CFTC on to tae derest sive. The roots of the tussle go deep, and have dredged up old calls for a single regula-

Deeper into the red

Pan Am, the holding company for Pan American World Airways, has suffered a sharp increase in net loss for the fourth quarter and whole of 1989, although passenger traffic picked up in January and February this year. The holding company's net loss in the fourth quarter of 1989 grew to \$178.3m or \$1.21 a share compared with a loss of \$51.7m or 36 cents a year earlier. Page 18

Boardroom flare-up



A long-smouldering boardroom row has flared into the open at Abbott Laboratories, the Vishealthoure group which has been a steller performer on Wail Street, The Chicago based company announced the resignation of its chairman, Mr Robert Schoellhorn

Immediately, Mr Schoellhorn launched a series of lawsuits, seeking injunctions, changes in the company's bylaws and monetary damages.

Page 19

Tightening round the corner? US credit markets held their own last week Us credit markets held their own last week until confronted by news that the US economy has been generating jobs at a rapid rate. The employment data were bolstered by all sorts of special events, but the underlying trend was strong enough to increase the faint murmure, that the Federal Reserve's next move might be a tightening rather than easing of monetary conditions. Page 29

Market Statistics .

Money ministra New Just bond mounts US money market return Encoderiset ternover
FT-A Music Indices
F7ABD int bond sees
Facign exchanges
FACIGN Exchang

Companies in this section

Abbott Labe Amar Gold Ashley (Laure) Berisland Inti British Sugar Charter Consid

Elders IXL HK Aircreft Eng Co Kokussi Kogyo Lanca. MGM/UA

Mystery of a financial culture gap

Nikki Tait on share buy-backs in the UK

fter the 1987 stock market A crash, more than 600 US corporations announced plans to buy in their shares. In plans to buy in their shares. In the UK, two and a half years later, only a fifth of Britain's FT-SE 100 companies even possess share buy-back powers; and those using them can be counted on the fingers of one hand. It is a financial culture gap for which no one has a complete explanation. "Certainly, there are some technical differences between the US and the UK." says a partner at one large

between the US and the UK,"
says a partner at one large
accountancy firm, "but basically
it's very new here."
Last week, Imperial Chemicals
Industries, Britain's seventh largest company, amounced it would
shortly be seeking shareholders'
surfnerity for a buy-back scheme.
Does this suggest that UK attitudes are finally shifting? Or is
the growth of buy-backs still hindered by philosophical and tachnical obstaclast
Ahead of the 1987 stock market

nical obstaclas?

Ahead of the 1987 stock market crash, perhaps the only notable buy-back by a UK industrial company was conducted by GEC. The pany was conducted by GISC. The electronics group, which had substantial surplus cash in its halance sheat, hought in about 3 per cant of its equity over a two year period in the mid-1980s.

After the crash, a number of hig UK companies sought buyback powers from their shareholders. The list of Footsis stocks adding this option post-1987.

adding this option post-1987 includes the likes of Courtenids Kingfisher, Hanson and Reed

A country of smaller from large actually implemented buy-backs. In the past week alone, Topic ments of shares purchased for cancellation at the likes of Atkins Brothers, Nu-Swift and SEP

But the overall impact of share buy-backs in the UK is still minuscule: "I should think that less then one-hundredth of one per cent of the UK equity market has been bought in," estimates one analyst at stockbrokers County NatWest WoodMac. Among larger companies, only



the buy-in at BAT industries — which covers 4.2 per cent of the original equity — is significant. By contrast, New York-based Birayi Associates estimates that buy-back programmes worth up to \$60.9hn were in place in the US

in 1989.
Explanations for why the UK is different tend to fall into two cat-

egories.

The first, and most serious, The first, and most serious, concerns commercial rationale, compenies, when they take share buy-back powers, usually state they will use them only if earnings per share are increased as a result. Many — like ICI — add an additional caveat that such buy-backs must be "in the best interests of the company at the time." Institutional investors, fairly permissive on this score. do permissive on this score, do insist on some ground-rules. The Association of British Insurers, Association of firmsh insurers, which represents many of Britain's large insurance companies, may member are "perfectly relaxed about buy-backs provided they provide earnings enhancement and have a positive long-term effect."

At one level, the requirement for earnings per share enhance-

for earnings per share enhancement is simply a mathematical equation — dependent on the number of shares bought, the multiple on which they trade, the rate of interest which the money could otherwise attract, and so on. But there can also be a trade-off between short-term-earnings enhancement and longer-term investment.

Cl is a case in point. Playing down any suggestion that it immediately intends to significant fashion, the chemicals giant stressed that its request for buy-back powers should be seen in the context of recent internal "belt-tightening."

In short, if capital expenditure is rationed and there is no spare cash in the balance sheet, divert ing money into short-term earn-ings promotion at the expense of longer-term returns would be dif-This leads to the second est of

THIS WEEK

problems, which are more technical. For some UK companies, advanced corporation tax compil-

advanced corporation tax compil-cates the suma.

ACT paid by a company equates to the difference between its gross dividend payment and the actual net distribution to shareholders, and can be offset against UK corporation tax. But if a company's UK earnings are only a small proportion of the total, it may face difficulties recovering its ACT payments. A share buy-back scheme can crys-tallise the problem. tallise the problem.

we other issues are often raised in the context of the US/UK differences. In the UK, shares bought in must be cancelled. This tends to make a the UK, shares bought in must be cancelled. This tends to make a buy-back more permanent than in the US, where the same shares can sometimes be re-issued. There is also a school of thought which argues that buy-backs are usually a defensive mechanism, and the more rapacious US environment has provoked their wider appreciation.

But perhaps at the back of everyone's mind is the thought that the dividing line between a genuinely beneficial share buy-back and an operation which produces a temporary market distortion and looks less than clever once the buy-back has coused, is very thin.

Suter, the mini-conglomerate, is a good example. The company started a buy-back programme obvering about 10 per cent of the its acquity in: February and bought steadily until December. Its acquity in: Sebruary and bought steadily until December. Its acquity in: Sebruary and bought steadily until December. Its acquity in: Sebruary and bought steadily until December. Its acquity in: Sebruary and bought steadily until December. Its acquity shares stayed in the 180p-215p band. Since then,

the 180p-215p band. Since then, they have fallen to around 195p. With all these caveats in mind, it is perhaps not surprising that many observers suspect the prac-tice is unlikely to become com-mon-place in the UK, except per-haps in defensive situations. "I find more clients are interested," is the typical comment from one accountant, "but it hasn't become a fad yet. Personally, I doubt that it will."

Tokyo reaches for the Sal Volatile

John Plender seeks to explain stock market instability

support to their view.

the global economy.

of being stabilised by a country capable of valuing

corporate earnings on an average multiple of more than 50 (and privatisation stocks on p/e ratios

that have ranged up to more than 200) seems odd. Yet the MoF is

200) seems odd. Yet the MoF is right on one thing: a country that sports the world's third largest scombmy on a land mass which could be carpeted wall-to-wall without putting a dent in the national budget is bound to have asset price inflation. And the inflation in capital values has been further exacerbated by tight planning controls and a tax system that discourages efficient

land use. Small wonder that the

over-built City of London is now crawling with Japanese property

men in search of something more

men m search of something more than a one per cent yield. Or that sky-high share prices in Tokyo are supported by asset values that cannot, in the aggregate, be realised, but which provide the stockbroking fraternity with a wonderful marketing tool.

Poor old Salaman Brothers. If the Poor old Salmann Brothers. If the Great Tokyo Cresh ever does happen, the big US trading house will have to carry the can. For the Japanese have shown themselves to be no more immune to the urge to find a scapegoat than the rest of us. And who better than Salomon to play the part? Apart from being foreign and breah, it has brought to Tokyo the kind of derivative financial instruments that no one over instruments that no one over forty understands even in the US. Too bad it's not actually respon-

sible.

But if not Salomon, who should it be? A modern Sheriock Holmes contemplating the latest upheaval in world markets might well be tempted to see coincidences in the crash of '87, the mini-crash of '89 and the Tokyo slide of 1990. The footprints of finance ministers and central finance ministers and central bankers have invariably been found at the scene of the crime, Could it be that we have the beginnings of a neat conspiracy theory here, which could be summarised by saying that instability in the stock markets is the price we have to pay for external. price we have to pay for attempts to stabilise the currency mar-

There is no difficulty squaring the '57 areah with this version of events. Since the Louvre Accord the Group of Seven had been prathe Group of Seven had been pre-occupied with the weakness of the dollar. And when private cap-ital fought shy, in the spring of 1987, of financing the US trade deficit, the central bankers phaged the gap. But by borrow-ing to buy fistfulls of dollars they generated liquidity that fuelled a speculative bubble in which equity yields lost touch with bond market reality. The October crash was a belated response to the central bankers' attempts to damp down the conflagration damp down the conflagration that they themselves had begun. Yet the people in the futures markets, together with the hapless Japanese, took most of the fight.

isk.
In 1869 we saw the same process working in reverse. This
time the central benkers and
finance substants were worked
about dollar strength; and they
sought to make the dollar
cheaper through intervention on the exchanges when Japanese financial institutions were exporting private capital at a much faster rate than Japan's corporate exporters were piling up the current account surplus. As so often happens with cross-border financial flows, the foreigners piled into some of the frothiest markets right at the top. To the extent that their efforts to keep the dollar cheap encouraged Where Mr Mieno has a point is speculative excess in the junk in arguing that asset price infla-

bond market, the central bankers tion has a distinct monetary component even in Japan. How else do you explain the increase in look a fair target for conspiracy theorists. Junk bond investors, the Japanese stock market valua-tion hasis over the 1980s? The only reason asset price inflation has failed to leak into product prices is that the foreign meantime, would love to have foreign finance ministers in their roragn mance ministers in their sights; or, more specifically, the Japanese Ministry of Finance (MoF), which undoubtedly helped prick the bubble. By hinting that the Japanese banks should not overdo things in junk, it made an extraterritorial contribution to the collapse of the United Airlines deal, which in turn spawned the minicrash in sentiases. exchange market was liberalised in advance of the domestic banking market: mortgage and con-sumer finance is under-developed in Japan. But in due course the private capital outflow will cause the mini-crash in equities. But inflation to extend to goods marthe markets in equines, but the markets may much because investors were not convinced that the bubble extended beyond the junk market. The subsequent lack of panic over the demise of Drexel Burnham Lambert lends kets through its effect on the yen

here the Bank of Japan and the Mos both have a problem is in the increasing difficulty they experience in trying to control it all.

Deregulation and the globalisation of markets make it barder support to their view.

It is when we come to the Tokyo market slide that the conspiracy theory weakens. For the root cause of the problem here is domestic. Japan has been exporting private capital to the point where the yen is endemically weak because its own domestic asset prices are hopelessly overhown relative to everyone else's. for the MoF, however experior the mor, however experienced at massaging markets, to prevent equities collapsing. The big four brokers are no longer as powerful as they were and the new issue system through which they rewarded their institutional climix for obedient behaviour is being overhauled. As the pressure for increased performance builds up in a more competitive asset prices are hopelessly over-blown relative to everyone else's. And it is the bond market reac-tion to the decision by Mr Yasushi Mieno of the Bank of Japan to make asset prices a tar-get of monetary policy that has caused equities to take fright. The MoF, meantime, begs to dif-fer with the Bank of Japan. It feels that stability in equity mar-kets is an important goal of pol-ley and that Japan has a mission builds up in a more competitive fund management market, the temptation for institutions to flee overseas rather than participate in the MoF's stabilisation plans is proportionately greater.

For his part Mr Mieno finds himself in a bind because his interest rate hikes threaten to have a greater effect on the stock icy and that Japan has a mission to provide financial stability to

market than on the yen. Since the mid-1980s the balance of Japan's capital outflow has shifted from bonds to equities. So when Japanese bond prices rise in anticipation of further mone-tary tightening, the capital out-flow is not affected as it used to be. Indeed the plunge in domestic equities underlines the attractions of foreign stocks quite as much as domestic bonds and

This is excellent news for for-eigners, since it suggests that a correction in Tokyo need not have an adverse impact on equi-ties, provided foreign equity mar-kets manage to keep their news over the global fall in bond mar-kets where the interpational link. ages are firmer. But it also seems to prove an equal and opposite proposition to the conspiracy the ory with which we started. Japan's recent experience suggests that it is perfectly possible to impose a correction on stock markets; but it is exceedingly dif-ficult simultaneously to stabilise the currency market. As my Jap-anese friend was saying, terrible people, those chaps at Salomon Brothers.

Economics Notebook

Statistics for a new regime

BRITAIN'S trade performance has caused the Government so many problems over the past two to three years, that one might have thought the Trea-sury would be only too pleased to see the back of the monthly trade statistics. Not a bit of it. Britain will be

pressing at a meeting of European Community economics and finance ministers in Brussels today for swift action by the European Commission to ensure that the EC has adequate trade statistics following the section of the Internal the creation of the internal market at the end of 1992. The impact of the 1992 programme on official statistics

has been overshadowed by bigger worries such as plans to narrow the differences between value added tax rates in the member states or proposals for economic and monetary union in the EC. But the British Government is becoming increas-ingly concerned that Europe will be bereft of trustworthy trade statistics after 1992. It is a concern shared by many other member states. The creation of the single

market will mean the disap-pearance in intra-EC trade of the present single administra-tive document (SAD) that accompanies all goods that move abroad. It is through the SAD that trade figures are col-Political agreement was

reached among the 12 EC member sintes late last year that trade figures would be collected in conjunction with the payment of value added tax in the countries of destination for intra-EC exports. However, the Commission

has yet to produce detailed reg-ulations to translate the political decision into action. Although the end of 1992 seems a long way away, the British authorities fear that time is dangerously short for introducing a new trade figures system.

Concern in Britain focuses on the roughly 20 per cent of companies that are responsible. for 80 per cent of UK imports and exports. These firms, which will be expected to give statistics of imports and exports on a monthly basis, will need to install new comwill need to install new com-puter equipment and pro-grams. It has been estimated that this process will take two years and testing the systems a further six months. Similar problems will have to be overcome in the other member

Neither governments nor companies want to do without intra-European trade statistics in the single market. Indeed, as business becomes more global, there is a strong argument for having more comprehensive trade statistics, improved sta-tiation of policies. They also have been preferenced to applicate help businesses to evaluate market opportunities and understand emerging competi-

A recent survey carried out by the Central Statistical Office found that UK compa-nies opposed reducing the detail of the trade statistics

The CSO said "a surprising number of businesses" were willing to provide additional data on a voluntary basis and pay for the processing of this. But even if the Commission responds to the Government's plea and produces details of the new regime swiftly, the new-style trade figures will almost certainly be less reli-

able than present statistics.

The quality of British statistics in general has deteriorated in the last 10 years, adding to the volatility of deregulated financial markets. The trade figures – produced through what one CSO statistician has described as a "Rolls-Royce system" - have been a notable

The Treasury must be hop-ing that the UK trade and cur-rent account deficits improve sufficiently over the next two and a half years to spare the government of the day unnecessary shocks in financial markets when the new regime

THE PLANNED German monetary union is such a novel enterprise that history can provide only limited guidance to today's policy makers. But in dealing with the problems of East Germany's corporate sector, the experience of moving to the D-Mark from the Reichamark after the Second World Wart could contain some World War could contain some

It seems more than likely that Rast German savings will be converted at a one-for-one rate into D-Marka. Such a conversion rate would be devastatversion rate would be devising if applied to the outstanding debts of East Germany's industrial groups with the East German state bank, especially if what became D.Mark debta have to be serviced at West German interest rates. German interest rates. With their low productivity, East German companies would

quickly go bankrupt. In 1948, West German busi-nesses faced similar problems. The answer was for the West Garman state to convert the debt at lower rate, reducing its size. Special claims against the Federal Government were issued to the banking system

to replace its lost assets. West German monetary experts believe a similar proce-dure would work today. It would amount to a West German subsidy of East German industry. But it would also help create a Western style banking system in East Ger-many by giving banks securi-ties that could be discounted at the Bundesbank.

Peter Norman expected to show a rise of 0.6. quarter GDP.

FINANCIAL MARKETS will receive a wad of UK economic statistics this week and two important sets of US figures. Seasonally adjusted '000

Bond markets in the UK will be watching today's retail cales and Thursday's unemployment figures for February in particu-lar. The median forecast from MMS International, the finan-gial watches to the second of the second man interpretoral, the man-cial research company, is that unamployment will fall by a seasonally-adjusted 15,000 after a fall of 22,300 in January. The figures will show any loosen-ing in the labour market and a needble slowing in the rate of possible slowing in the rate of decline in unemployment.

Thursday's earnings infla-tion figures for January will be followed on Friday by those for unit labour costs, which con-tinue to accelerate. The yearon-year rate is about 5.5 per cent. The underlying rate of average earnings is expected to remain unchanged at 9.25 per cent, although some forecasters are expecting a rise to 9.5 per cent.

Of equal interest will be the provisional retail sales figures or February, due out today. After January's 1.3 per cent fall, the market has forecast a slight rise to 0.2 per cent. But last week's picture of retail gloom which emerged from a CBI/FT survey led to the expecation that consumer demand

is now very subdued.
On Friday, the index for industrial production and manufacturing output for January and the public sector borrowing requirement for February are released:

There was a small £5.2bn debt repayment in January, the Government's main-tax gathering month. It now seems certain that debt repayment for 1989-1990 will considerably undershoot the £12.6bn predicted in the Autumn Statement. The market forecast is for a £600m debt repayment in February, compared to one of £1bn the previous year. The figures for manufacturing and industrial output are

UK unemployment 1600

per cent in January, after a drop in the rate of output of 0.6 per cent in December. In the US, February retail sales are out on Tuesday, and expected to show a 2 per cent rise on the month before. The Federal Reserve vill release its Tan Book tomorrow, which may yield chies on monetary

1989

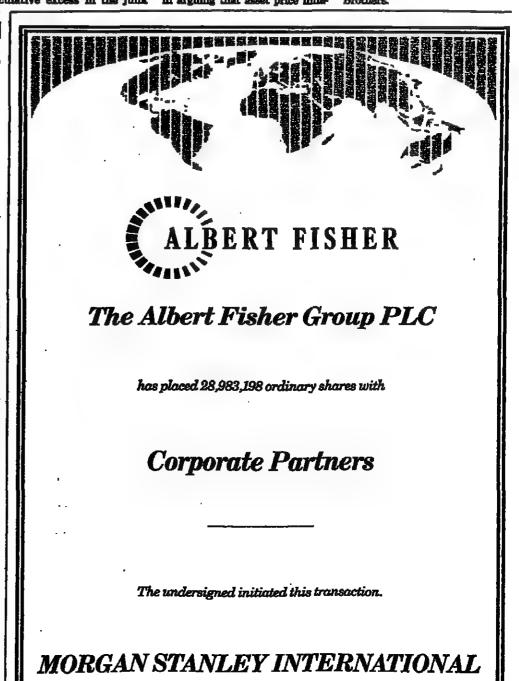
Other important statistics and events, with MMS fore-casts in brackets, include: Today: Brussels, EC economics and finance ministers meet for the last time before the April G7 meeting in Paris. Basle, Group of 10 central bankers meet. UK, producer input (-0.2 per cent) and output (0.3 per cent) prices. Tomorrow: Basle, EC central bankers meet to discuss mone-

tary union. US current account, fourth quarter.

Wednesday: West Germany,
GNP, fourth quarter. It rose 1
per cent in the third quarter,
and is expected to continue up on the strength of the economy

on the strength of the economy and the prospect of merger with East Cermany. Thursday: West Germany, Bundesbank council meeting. Friday: Japan, industrial production US, producer price index (unchanged on month) index (unchanged on month), industrial production (0.8 per cent). Capacity utilisation for February (82 per cent). UK, average estimate for fourth

March, 1990



FUTURES REGULATION

Commissions battle turns into open war

THE BATTLE between the Commodity Futures Trading Commission and the Securities and Exchange Commission is degenerating into an ugly brawl. The two agencies have never been the closest of allies, but the rhetoric of regulatory competition has become more openly hostile than before.

A more aggressive SEC under the chairmanship of Mr Richard Breeden is using Congress's vaciliation over the remainer button of the CFTC to try to extend its own empire. This has pushed the CFTC once more on to the defensive, where it is backed by the furi-

The battle is supposedly being fought over the jurisdiction of an esoteric new product called variations on an index participation, developed in var-ious forms by the securities exchanges. But the roots of the tussle go deeper, and have dredged up calls for a single regulator to control both mar-

The SEC would like to get its hands on the lucrative stock index futures, which trade under the auspices of the CFTC and which the stock exchanges blame for a multi-tude of sins. The securities lobby is quick to pin any se in volatility in the stock market on the use of stock index futures.

The Chicago Mercantile Exchange is most under fire on and Poor's 500 index futures contract accounts for more than 80 per cent of the industry's stock index volume

The SEC wants to harmonise the margin requirements between stock index futures

> EUROMARKET TURMOVER (\$40)



and the underlying stock market. This would squeeze speculation in the highly leveraged futures markets and cut the resulting volatility in stocks,

the agency argues.
Futures market participants pay only a small part of the contract value - usually around 10 per cent — in mar-gin, since few intend to take delivery of the index that underlies the futures product. But their positions are monitored daily and their accounts topped up as the market

The futures players argue that professional participants m the stock market pay as little as they can, and do not have to cough up until the end of the week. Nevertheless, they are prepared to give in to some se in margins in return for the SEC backing off on complete regulation of stock index products.

It appears the futures exchanges will also offer to the SEC jurisdiction over index ipations as a sacrificial lamb. The futures industry took the SEC to court over these products and got them classified as futures. Now it says there could be some join jurisdiction over them by the

SEC and the CFTC. Congress is looking to best up the surveillance powers of the CFTC after the FBI probe into fraud on Chicago's mar-kets. This has led to calls for extending the SEC's might.

The call for a single regula-tor to watch over futures and stocks was voiced loudly after the stock market crash in 1987 and is resuscitated whenever the markets are in difficulty.
But the futures industry
tears that a disconnion of the
CFTC would hand out authority to different government
agencies for different futures
products. The Treasury would
have over hour futures and the ake over bond futures and the US Department of Agriculture would control farm futures, for

The regulatory row will not be over until all sides sit down to discuss the issues. And it is evident that the industry needs to put regulatory issues behind it, since they take up so much time and energy.

Deborah Hargreaves in Boca Raton INTERNATIONAL BONDS

Tough questions for investors in the sterling sector

THE COLLAPSE IN sterling bond prices in recent weeks has raised the question of when investors should swallow

hard and begin buying.

Anyone holding UK government bonds has had to watch yields rise sharply as the capi-tal value of their investment has declined. In the non-gilt sterling market, the addition of other factors to an already bleak outlook has made even the government market look healthy by contrast. Two events last week were

symptomatic of the problems facing investors in the Euro-sterling market. Baring Brothers brought a long-dated deal for the European Investment Bank. It not only ran into a wall of complaint over the pricing, which was judged as not attractive enough to lead to switching activity, but also had great difficulty holding syndicate discipline at the launch spread of 78 basis points over a composite of two

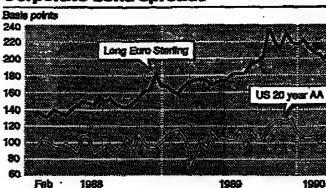
Meanwhile on Friday, Hanson confirmed that it had been buying in its own 10 per cent bonds due to mature in 2006. This was the latest in a streum of such buy-ins as corporations

have sought to generate profits by buying back their bonds below par.

Such borrowers are indicating that they think their own long-term debt is underpriced. In their ability and willingness to take a long-term view, these corporate borrowers are unusual. Most investors looking at the Eurosterling market now are struggling to find any justification for investing funds. Overseas investors have to add currency risk to their thinking, but there are opportunities for such investors to make attractive returns via asset awaps if they are prepared to take a

long-term view.
Nevertheless, traders say
there has been little new money coming into the market, but identify small pockets of specific demand for secured paper at the long end and, from specialised bond funds, for high yielding short-dated

Analysts at Credit Suisse First Boston have studied why UK corporate spreads have drifted to levels which are hampering efficient working of the sterling capital market. They have addressed the Corporate bond spreads



and the collapse in junk bond liquidity following Drexel Burnham Lambert's tumble.

The CSFB analysts argue

that spreads against gilts of Burosterling issues have been driven less by economic funda-

mentals than by fund manag-

ers' attempts to guess where others think value lies and to

invest accordingly.
Thus, although spreads gen

erally move in a rational direc-

tion as the market reacts to events, neither the starting

level nor the extent of moves has any quantitative basis. A

issues of credit and event risk as possible explanations for the low current value given to corporate bonds. The chart shows that the UK market appears to have severely misjudged the degree of event risk for invest-

ment grade bonds. For example, over the last two years, long maturity US bonds have widened in yield by around 20 basis points, against a 70 basis point widening in UK bond yields. This is despite the US market having experienced the loss of quality by issuers such as RJR Nabisco, good example was the market's reaction in January to the apparent threat of up to 11hn of long-dated bonds being issued by the newly-privatised UK water companies.

Although such issuance would have had no bearing on the possibility of existing bonds defaulting, and might have had a beneficial effect on general liquidity, it was responsible for a 30 basis point widening of corporate spreads. CSFB argues that such behaviour is evidence of an inefficient market. It suggests that there is even a tendency for some investors to ignore the market for non-gilts because it requires concentration on credit analysis in addi-

common-sense approach, buy-ing when bonds appear cheap even if that means bucking the current trend. With spreads at historically wide levels, inves-tors have an opportunity of buying before longer term pat-terns are resumed.

tion to macro-economic factors.

investors should adopt a

It may be that in advocating such an approach to the mar-ket, CSFB is laying the ground for the belated debut issue by a water company at sensible levthe fundamental attractions of the argument, is risky from a

syndicate perspective. Last year, CSFB announced an intention to make the Eurosterling sector more responsive to the interests of a

wider investor base. Although it became the leading underwriter of sterling Eurobonds in 1989, it learned the hard way when it brought its £400m long dated Italy deal that a small number of institutional investors believes it has a right to set the level at which issues can be launched.
If CSFB chooses to challenge

that community again, the results could be bloody. It may try to bring a water company deal at a spread over gilts justi-fied in terms of long-term fundamentals rather than current market levels, arguing that the rest of the market is way out of

The response from investors and competitive syndicate rivals is likely to be forthright. For all the wrong reasons, the Eurosterling market may be about to be the centre of attention on the Euromarket.

Andrew Freeman

MEW INTERNATIONAL BOND ISSUES

int																
be	Borrowers	Amount	Maturity	Av. Rie Veers	Coupon	Price	Book runner	Offer yield	Borrowers	Amouni M.	Maturity	Av. Ille years	Coupon %	Price	Book runner	Offer yield %
eef		III		Jone	~	r i ea		-	Suznisho Computer(f):x-x54	70	1994	_	Zero	100	Yamaichi Bank(Switz)	-
of	US DOLLARS			_					Tamura Electric Witskyl	70	1994	-	212	100	B.delia Svizzera It.	2.500 7.615 7.072 7.316
be	Mataushita Electric®®	1ba	1994	4	212	100	Nomura int.	2.125	IBM Int.Finance A & •	125 100 75	1993	-	8	101	Credit Suisse	7.81 5
[Mitsubishi Qiff	250	1994	4	232	100	Yamaichi Int.(Eur)	2375	LIL Filterinfand-Philips	100	1995 1995 1994	•	7% 7% 7% 7%	101 💃	UBS	7.072
ar-	Hazama Corp.	250 200	1994	4	232	100	Daima Puropo	2.375	LICE Batter When to be	75	1995	-	75	100 💃	Credit Suisse	7.316
DE I	<i>l</i> taly ∲	1.50n 30	1997	7	93	99.51	Selomon Brothers	9.474	Toyota Motor Credit##	125	1994	-	74	101	Gradii Sulawa	7.452
. !	Best Denkl Int.(b)		1991	1	14.65	100%	Mitsubishi Fin.Int.	13.656	C.C.Desjardins Quebeck *	50	1996	-	73	191	SBC	7.452 7.268 7.138
18-	Fujikura i.ki.¢	200 30	1994	4	232	100	Nomera Int.	2.375	Districtio Basis Finance 6	100	1995	-	742	101 2	Deutsche Benk(Suisse)	7,133
nd	Nichimen Europe♦	30	1993	8	2 ¹ s 2 ² s 2 ³ s 9 ³ s 14.65 2 ³ s 12/17	1013	LTCB Int.	8.833	PESETAS .							
er	SLBk Sth Australia(h)	14.7	1991	1	12/17	1014	Monaura int,								Difference & moderns	13,900
187 J	industrial Bank Japan	100	2000	10	9.80	102	IBJ Int.	9.482		18ba	2000	10	13.90	100	B.Hisoano Americano	197900
nere	CRH Capital Ltd.(I)§	72	2000 2005 1994	15	84,	100	USES Phillips & Drow	5.750	AUSTRIAN SCHILLINGS							
_ }	SMC Corp.	14.7 100 72 200 70 70	1994	4	8.80 53, 23, 83, 83,	100	Milde Secs. (Europe)	2.375		-	1000 0000	046		100.05	Girozentrale-Vienne	
- I	Marubeni Finance(g)◆	70	1993	3	53	80	Delwa Europe	-	Austria, Republic off	8bn	1993/2002	3/12		100.00	Gildfain Fid-Assent	
:	Sumitomo Corp.O'seas##	70	1993	3	2.7	99	Datum Europe		LUXEMBOURG FRANCS							
199	Makino Milling Machinet	190	1984	4	24	100	Delum Europe	2.576	Bacob Despassion	200	1963	-	40%	101.80	Banque UCL	10.026
	CANADIAN DOLLARS								ECSC •	300	1995	2	10% 9% 10% 10%	101-34	BGL	9.420
nt	CIBC-London Branch	100	1009	9	1310	101%	Wood Gundy	12.015	Banque Worms-Parish#®	1bn 309 309	1995	2	101	101.95	Credit Lyoonsia	10.109
13		NO	1000	_	16.4	in a	HOOL CURLY	16.410	Cregem Finance NV+x+	308	1993	š	103	1013	BGL Lygin Lin	9.575
ן גע	AUSTRALIAN DOLLARS								Gen.Motors. Acc.Com.stric	250	1002	ž	104	1015	Credit Europeen	9.816
11/2	State Bk Sth Australia	50	1002	2	16	101.05	Hambros Bank	14,804				_				
re l				_			-		YEN							
ar j	STERLING								Baltica Bank A/S	10bn	1992	2.4	64 74	100, 195	Mitsul Trust Int.	6.683
[Bear Steams M'gage(I)◆	124	2017	9.95	114	94	BZW	12.848	Interfin. Cr.National .	10bs	1995	5	7%	101	18J Int.	6,795 8,296 9,913
OE	28(m) ⊕	100	1986	8	19	97,925	Baring Brothers	13,480	Okobank(g) 4	_3bn	200	2	9	101 %	New Japan Secs.	8,296
m	Daily Mail & Gen.T.(n)	70	2005	15	84	100	Baring Brothers	8.730	Toronto-Dominion Bidg)◆	712 ba	1991	1	10%	100%	Toyo Trust Int.	9,913
18	ECUe								Firmien Export Cradit	10bn	1995 1994	5		101.10	Nomura Secs.	8,861
da i									C.ltch Firmance(o)	abn .	1984	3.5	(a) (a)	101	Nippon K, Kalemere	-
ad	Bge int.'a Luxembourg♦	20	1092	4	111-2	1015 94.80	BIL	10.557	Toyota Tavaho Fin.iot.	2ba	1991	41.		100%	Rycko Secs. Int.	7.000
ch	宜良(八◆	300	1997	7	70	34,60	UBS Phillips & Drew	11.107	Abbey National Treas.	19bn	1995	84	7.7	101.776	Dales Europe	7,269
-1	SWISS FRANCS								Section of Priced, WAPTIVES Plant	poletic PANEL	OCULA VALUE	MAL SCHOOLS	Cult of per fr	g ruip not ore Merris	es, office terms, a) Yield to	put 4.004%. D
- 1		80	2000		Total .	400	Dalant Madhantand		launched internationally through J	LP. Morgan	Sect. d) Yield	to put 3.9%.	e) Yield to	ot 3.8%. C	Theid to put 3.992%, gl Rade	metion linked to
- 1	Toho Chemical(q)***** Fuil Co.(a)*****	50 100	1994	•	Zare Zere	100	Daiwa (Switzerland) Banca del Goltanto		thick yet priced, with river place Redemption tinted to Year's exche laurened learnestonely through J Hitide stock index, hi frechengton Convectible two preference shares	off-Hotest. L	aunched to the	Panches:	iom and \$9.7	a is Fungi	with Ecusions band launche	of in January. B
}	Mitsubishi Oli(d)***	100	1994	, <u>-</u>	Zero	100 100	Chedit States	•	viold 9.03%. Common ten collec-	to other tests	MEN WINDS WIN	of Kacington	(1917) (1919) (1918) (21,32, k) (1919)		n pic oromery scarce, Put ope disclosed, it fluctual by fluct	
9	Jicosha Kiki Co.(e)***	200 106	1004	.=	Zero	100	Yamaichi Bankillarizi		field shown is to average life of	9.85 years.	m) Fixed Ne-of	let price. (1)	Exchangeabl	into ordit	mary charge of Resident Holder	1207p per
n I	Come Net d'Authronies	120	1004	Ξ	7%	1014	SSC	7.256	yield 2,03%. Company has option field storm is to average the of mans, of First coupon pays 20th Ulga, then 8,1% remainded, of 15	erer 2-mont	h ijibur, meno .	Julie 1901) to	WING 1982 6.4	75 and 89	remaindet, pj Coupça pays	A over 5-month
	CANCEL PROPERTY OF	1400	food.	-	17	1917	-	1-639	manifestation of the language of the		LIVE LOSSES A					

This announcement appears as a matter of record only

THE MALAYSIA SELECT FUND LIMITED

(Incorporated with limited liability under the laws of the Cayman Islands)

US\$ 60,000,000

Placing of 6,000,000

Participating Shares of US\$0.01 each at a price of US\$10.60 per share and 1,200,000 warrants

in units of 5 shares and 1 warrant

bу

CROSBY SECURITIES LIMITED

CROSBY SECURITIES (HK) LIMITED CROSBY SECURITIES (UK) LIMITED

BANQUE LOUIS-DREYFUS

Midland Montagu Asset Management

Consultra Securities S A

UBS Phillips & Drew Securities Limited

Bohusbanken Fondkommission AB Daishin Securities Co Ltd

Arranged by

Crosby Securities Limited

THE CHEMICAL FIBRE AND PETROCHEMICAL INDUSTRY IN THE USSR

x H5917, Financial Times, One South



Tel: 01-828 7233 AFBD men igm Prices. Change from previous 9pm close

• • • • •	
MEMBERAFRE	

TIME TO BUY GOLD? London SWIH ONW

SPONSORED SECURITIES

24 17.2 6.8 7.6 6.9 12.1 4.7 1.9 8.6 3.6 12.8 9.4 1193 86 33 33 224

Granville & Co. Limited

Telephone QLASS 1717

DA

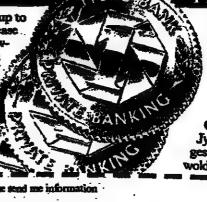
Higher return on your investment

Invest-Loan Jyske Bank's Invest-Loan allows you to invest up to

four times your own deposit, which could increase the return on your capital. You borrow in a lowinterest currency and invest the total amount in high-interest currencies.

Despite exchange-rate fluctuations at the end of 1989, the invest-Loan produced a better return than alternative currency investment opportunities. But the return on your investment does depend on swings in the world's foreignexchange markets.

You should not be financially dependent on the yields of the Invest-Loan, as you might, at worse, suffer a loss. The Invest-Loan is a long-term investment,



Fixed-Term Accounts You can choose between 14 different types of fixedterm account in various currencies.

You will enjoy the following:

no tax liability in Denmark low charges favourable exchange rates

professional service

Jyske Bank is one of Denmark's largest banks with customers all over the

INTERNATIONAL CAPITAL MARKETS AND COMPANIES

but traffic

picks up

By Karen Zagor

PAN AM, the holding company for Pan American World Air-

ways, reported a sharp increase in net loss for the

increase in met loss for the fourth quarter and 1985, although passenger traffic had picked up in January and February this year.

The holding company's met loss in the fourth quarter of 1989 grew to \$1.78.3m or \$1.21 a share, compared with a loss of \$1.7m or \$2.5 canta a year.

a share, compared with a loss of \$51.7m or 36 cents a year

earlier.

Pan Am's operating loss increased to \$150.1m in the latest quarter, from \$110.5m in

Pan American World Air-

ever, in January, passenger traffic was 23 per cent higher than in the same month of

1968, while February's traffic gained 26 per cent over Febru

in New York

Abbott Labs row erupts as Loss grows at Pan Am ousted chairman files suits

deeply disturbed by the clash between the company's two top executives and had conducted

a set of secret interviews with Abbott's other senior managers.

to canvass their opinions about.

Mr Schoellhorn.

Mr Schoellhorn.

These interviews apparently showed widespread antagonism and diseatisfaction with the chairman. One of the key points of contention was the promise made early in the 1980s by Mr Schoellhorn that

besedneem row has flaved into the open at Abbott Laboratories, the US healthcare group which has been a stellar performer on Wall Street.

The Chicago based company announced the resignation of its, chairman, Mr. Robert Schoellhorn, on Friday night. Its and the company's president and chief operating officer, citing "differences in phistosphy." between Mr Schoellhorn. Mr Schoellhorn in eight years. A few months later it emerged that Abbott's board had been deeply disturbed by the clash

ATT FF WYSCH CH

The state of the s

Andrew Free

Tan To Name Sarge

Lac

100

- 16 Tangangan

A ST TO STATE OF THE STATE OF T

S 46 - 524

,tmen

announced the resignation of its, chairman, Mr. Robert Schoellhorn, on Friday might Immediately, Mr Schoellhorn launched a series of lawsuits, seeking injunctions, changes in the company's bylaws and monetary damages. monetary damages.

Mr Schoellhorn's acrimoni-

ous dismissal came after six months of in-fighting among executives at Abbott, a battle which becaused most analysis on Wall Street. Despite the reports of management unrest, which centred on Mr Schoellhorn's allegedly autocratic personality and short-term ori-entation, Abbott continued to

entation, Abbott continued to generate earnings advances which attracted the analysts' enthusiastic support.

The first sign of manage-ment problems came last August, when Abbott's board abruptly dismissed Mr Jack

THE TORONTO Stock Exchange has started trading a new type of participation unit which enables investors to buy an interest in all the stocks covered by the Toronto 35 index without paying the factors.

index without paying the fees charged by mutual funds,

Toronto. Known as Toronto 35 Index

Participation Units (Tips), the instrument is aimed at foreign

institutions wanting a "alice of

Canada" in their portfolios, and retail investors.

Eighteen securities dealers

have underwritten the first issue, which was increased by 24 per cent last week to C\$248m to meet demand.

C\$26m to meet demand.

The Tips take the form of units of a trust created by the exchange. The trust's assets are the shares of the 25 companies which make up the index, held in the same proportion as they are reflected in the index. Units are valued at about one-tenth of the index level, with the initial price set at C\$20 ablece.

Pathé pays \$50m deposit Toronto starts trading in unit towards MGM/UA offer that avoids fees

By Alan Friedman in Los Angeles MR GIANCARLO Parretti, the

Italian financier who on Wednesday will begin a \$1.26m cash tender our for MOM/UA, the Hollywood film and televi-

the Hollywood film and televi-sion studio, has made an initial \$50m security deposit. The \$50m payment was transferred on Friday by Pathé Communications, Mr Parretti's. Hollywood studio, to an escrow account at the Security Pacific National Bank in Los Angeles, account to a Pathé appendix. according to a Pathe executive. The deal calls for a further three \$50m escrow payments to be made in April, May and

Elders borrowings cut by half ELDERS IXL, the Australian ish brewer Grand Metropolitan

conglomerate, has reduced its conginaments, has removed in borrowings by about A200m (USS62m) in recent months to A21bm, said chairman Mr. John Elliott, Remove reports.

He said Elders planned to release a completed balance when the proposed reference

sheet when its proposed pub-for-brewery venture with Brit-

per cent target. According to several Abbott executives, Mr Schoellhorn's response was to initiate an undestrable squeeze on research and development and marketing costs. The dispute over research funding was said to have been at the heart of the clash between Mr Schoelihorn and Mr Schuler. In December, after another apparently stormy board meeting, Mr Schoellhorn amounced ing, mr schoening a minute at that he would take early retirement in Angust, instead of continuing until 1993 as had been expected. The board appointed Mr Duana Burnham, formerly Abbott's chief financial officer, as chief executive and indi-cated that he would take over

the chairman. One of the key points of contention was the promise made early in the 1980s by Mr Schoellhorn that Abbott's earnings per share would grow by at least 15 per cent every year.

In the last year Abbott's two most important susinesses—infant feeding formulae and diagnostic equipment—have faced increasing competition, potentially threatening the 15

ways reported a net loss in the fourth quarter of \$162.5m against a loss of \$3.5m a year earlier. The airline's operating loss in the latest quarter was \$148.8m compared with \$117.8m in 1988. \$117.8m in 1988.

The company satil it continued to suffer from declining traffic and fare yields on Atlantic routes. Pan Am has had trouble attracting passengers since the bombing of a flight over Scotland shortly before Christmas 1988. However, in January passenger. June. The deposit has not dampened scepticism on the part of analysts over Pathe's ability to finance the MGM/UA acquisition, which calls for Mr Parretti's company to take on the partition of t

an estimated \$393m of MGM/ UA subordinated dependences as well as making a tender offer at \$20 per share.

Pathé has also guaranteed to MGM/UA \$75m of the net distribution proceeds of certain movies, including the forthcoming film adaptation of John Le Carrés The Russia House.

For the year, the parent company turned in a net loss of \$336.0m or \$2.31 a share against a loss of \$72.7m or 51 out: a share in 1005. The 1005 results included a gain of \$110.5m from the sale of its Pan Am World Services division. The previous year's figures included an extraordinary sain of \$99.1m. was finalised.

"We will be able to show a balance sheet in the next couple of weeks which will show that the company will still be very strong and will have a one-to-one gearing ratio and between three and four times interest cover." Mr Elliott said.

many gain of \$30.1m.
The company's operating loss expanded to \$306.5m in 1989 from \$51.5m in 1989. The strike subsidiary's net loss for 1989 grew to \$487.1m from \$118.5m a year ago.

Japanese union hits at investor power

JAPANESE workers have launched a campaign to try to rid their company of Mr Missu-hiro Kotani, a notorious stock

market speculator.

market speculator.

The 1,000 employees of Kokusai Kogyo, an aerial survey operator, are threatening to strike unless Mr Kotani, the higgest shareholder, resigns.

The company's trade union says the company's reputation with customers has suffered since Mr Kotani took control in a spectacular boardroom coup

The union says things have got worse since the beginning of this year when Japanese newspapers ran stories about financial dealings between Mr Kotani's investment company, Koshin, and an aide to Mr Yasubiro Nabasone, the former Prime Minister.

"Stock market speculation has nothing to do with our business," said Mr Junichi Kamei, the trade union's general secretary. "There's no other way then for Mr Kotani

to resign."
The row highlights a growing awareness among Japanese people of the power of stock market investors to control companies.
Disputes between labour

unions and owners were com-mon in the 1960s when Japanon in the Book when sala-nese unions were militant, but have since become rare. Mr Kotani, a property devel-oper and stock market operator who started his career as a salesman at Daiwa Securities,

made huge profits from the equity boom of the 1980s. A favoured tactic was greenmail

buying shares with the aim
of forcing a target company to
buy them back at a higher Greenmail apparently was

his original intention at Kokusai Kogyo. Koshin, previously known as Korin Sangyo, started buying shares in Koku-

sai in mid-1987 and, with associates, built a 43 per cent stake. But Mr Kenzo Masuyama. Kokusai's chairman and founder, and his son, Mr Akira Masuyama, the president, refused to buy back the stock. So Mr Kotani decided to take

over the company. Then in a surprise volte-face, Mr Masuyama senior betrayed his son and pledged to vote his 15 per cent shareholding with the raiders. Mr Masuyama trained dependent of the father for the father father for the father for the father for the father for the father father for the father father father for the father junior demoted his father from chairman to consultant but could not stop the acquis-

Mr Kotani installed his own managers and started playing such an active role in the management that staff called him "the shadow president." His main contribution has been to accelerate the company's efforts to sell assets, espe-

cially valuable land in central Tokyo. In recent weeks, Koku-sai has absorbed two subsidiaries involved in real estate finance - Sky Real Estate and Toyo Lease.

According to the Japan Com-pany Handbook, Kokusat has trebled real estate sales during the last year and has expanded sales of securities holdings to offset a sharp increase in interest payments. Kokusal's pre-tax profit, including gains on asset sales, is expected to hit Y3.6bn (\$23.8m) in the year to March 1990, a 75 per cent locresse on 1989.

Mr Kamei, the trade union official, said yesterday that resignations among the staff had doubled since Mr Kotani arrived — from 60-70 a year to
120. Some 90 per cent of the
company's clients were public
authorities, which were concerned about doing business with Kokusai for fear that information gained through aerial surveys might be used by Mr Kotani for speculative

HAECO lifts

profits rise 18%

RISING labour rates and other

increased costs have checked the performance of Hong Kong Aircraft Engineering Company (HAECO), the aircraft mainte-nance subsidiary of the Swire

Attributable net profits were

HEN75.8m (US\$5.4m) for 19e9, 18.6 per cent above 1988's HK\$232.6m, on a 20 per cent increase in turnover from HK\$1.20bm to HK\$1.45bm. Prof-

its in 1988 rose by 33.2 per cent.

The company is increasing its dividend from 63 cents a

payout as

By John Elliott

in Hong Kong

Operating revenues improved 8.9 per cent to \$839.9m in the latest three months. Operating expenses grew 10.3 per cent to \$1.05bm from \$500.4m. This was stributed to a 35 per cent fump in fuel expenses, from \$129.4m in the 1988 fourth quarter to \$174.7m. Italians queue for Eurofunds

By Norma Cohen

IN AN otherwise becalmed Euromarket, Italian financial institutions are providing a lenders. Indeed, so many borlenders. Indeed, so many borrowers plan issues that the
Bank of Italy is said to be
enforcing an informal quening
system to prevent a glut. As
many as 16 mandates are said
to be expected between now
and the end of April.

Just launched for syndicaless of Enderg for English-

Just launched for syndica-tion on Friday is a Ecul50m 10-year deal for Cariple's mort-gage credit division. The loan begins amortising after six months and has an average life of 5% years. Each of its two tranches carry a margin of 15 basis points above the London interbank offered rate (Libor) for the first-four years, rising to 17% basis points in the

Primary Market Association, the trade organisation of new

issue underwriters, must expand its membership base to include firms active in Europe's domestic capital mar-kets, said chairman Mr Mich-

ael von Brentano, writes Norma Cohen.

Also in the market is a L50bn five-year term loan for Mediocredito della Puglia. Citicorp is arranger on the loan, which carries a margin of % over Libor. Another Mediocredito unit, Mediocredito Piemontese, has

mandated Banca Commerciale

basis point commitment fee.

Italiano to arrange for it a two-tranche loan totalling Ecu30m. The Ecu10m five-year tranche carries a margin of 21 basis points over Libor, while the Ecu20m carries a margin of 36 basis points over Libor.
S.G. Warburg will begin shortly the syndication of a \$1.7bn two-year credit for Beckitt & Colman. The funds,

with £200m in convertible bonds offered by way of rights to Reckitt shareholders, will be used to finance the \$1.25bn

Mr von Brentano said at IPMA's annual general meet-ing that, although full member-ship had so far been limited to underwriters of international

debt and equity issues, regula-tory changes in Europe were blurring distinctions between

domestic and international

acquisition of the Boyle-Midway division of American Home Products. They will replace existing Reckitt credits, which will go into techni-

The loan - terms have not been disclosed – has been underwritten by Barclays Bank, Midland Bank, National Westminster Bank, Citibank and Warburgs. Standard & Poor's, the US

rating agency, said the debt financing was "likely to have a significant impact on the group's financial structure." It put Reckitt's top A-1+ short-term rating under review for a possible downgrading. Moody's also said it was reviewing its Prime-1 rating on Reckitt & Colman's US and Euro-commercial paper pro-

Failure to expand the membership base could consign IPMA to a more marginal role in regulatory matters, Mr von Brentano said.

share to 74 cents with a final payment of 52 cents.

payment of 52 cents.

Hong Kong companies are facing sharply rising labour costs because a general shortage of labour has been worsened by a brain drain of people emigrating to obtain foreign passports before the colony returns to Chinese sovereignty.

1007. IPMA 'must broaden membership base' Currently, only half the member states of the European Community have securities firms which are members of

> To the Holders of Warrants ---to subscribe for shares of common stock of

HAECO's workload has been boosted by the expanding sir-eral fleet of the Swire Group's Cathay Pacific Airways. The aircraft include second-hand lookhead Tristans mostly from Lockheed Tristars, mostly from Eastern Air Lines of the US, which HAECO refurbishes.

AND AND SERVICE THE SECOND SERVICES. UNIVERSAL SECURITIES CO., LTD. A LE PLAISIR D'ANNONCER L'OUVERTURE DE **SON BUREAU** REPRESENTATION

A PARIS.

Universal Securities Co., Ltd.

Bureau de représentation à Paris: 82, Avenue Marceau, 75008 Paris Tél: 40.70.92.44, Télécop: 40.70.91.27, Télex: 651429 UNIVPRS Directeur: Shinsuke Makino

Siège social: 4-2, 3-chômé Marunouchi, Chiyoda-ku, Tokyo 100, Japon Tél: (03) 284-3811, Télécop: (03) 214-6803, Télex: J25345 UNIVSEC

Bureaux d'outre-mer:

Universal (U.K.) Limited—Londres—Tét (01) 256-5276, Tétécop: (01) 256-7756, Tétex 945791 UNIVEC G Japan Universal Securities (Hong Kong) Limited.-Hong Kong-Tét 526-0313, Tétécop; 810-6099, Tétes: \$3244 UNIVHIK HX Universal Securities (Switzerland) Co., Ltd. --Zurich.-Tél: (01) 55-7878, Télécop: (01) 55-6305, Télex 812460 USCZ CH Universal Securities Co., Ltd., Bureau de représentation de New York—New York—Tél: (242) 509-1670, Télécop: (242) 509-1677, Télec: 244534 UNISE Universal Securities Co., Ltd., Bureau représentation de Singapour - Singapour - Tét 2262500, Télécop: 2262577, Yélex: RS26756 SIMUNI Universal Securities Co., Ucl., Bureau de représentation de Paris—Paris—Tét 40.70.92.44, Tétécop; 40,70.91.27, Tétex 651429 UNIVERS

Alahli Bank of Kuwait (K.S.C.) US\$50,000,000

Floating Rate Notes due 1992

Notice is thereby given that the Rate of Interest has been fixed at 8.8125% and that the interest payable on the relevant Interest Payment Date, September 12, 1990 against Coupon No. 12 in respect of US\$5,000 nominal of the Notes will be US\$225.21 and in respect of US\$250,000 nominal of the Notes will be

12 Merch, 1990, London By: Citibank, N.A. (CSSI Dept.), Agent Bank

CITIBANCO

OPPENHEIMER MANAGED ASSETS COMPANY SICAV

At an Extraordinaxy General Meeting of Shareholders of Oppenhaimer Managed Assets Company ("OMAC") held on 31st July 1989 the resolutions as published in the Financial Times on 6th July 1989 and in the Lexembourg Official Generate (the Mémorial), the Luxembourger Wort and the Letzebuerger Journal on 29th June 1989 and 15th July 1989 were passed by the Sharzholders. As a result, former Sharzholders in OMAC now hold shares in Gartmone Panthons Pand ("Panthoos").

biolders of bearer shares are now invited to submit their CMAC bearer share certificate(s) to the Paying Agent, Basque Gentrale da Louezabourg, 27 avenue Monterrey, L-2951 Luxembourg for exchange for bearer shares certificates in Pantheon. Shareholders are reminded that following the passing of Resolution 4, the shares in each Pund were subdivided into Five new shares and that the new bearer share certificate(s) in Pantheon will therefore represent five times the number of shares powioosly held in OMAC.

Gartmore Lutembourg S.A. 28th February 1990

SOCIETE GENERALE

Nissho Corporation issued in conjunction with 5 per cent. Graranteed Bonds due 1992 Notice of Free Distribution of Shares

Pursuant to sub-clames (A) and (B) of Clause 4 of the Instrument dated 16th September, 1988 under which the above described Warrants (the "Warrants") were issued, notice is hereby given that Nissho Corporation (the "Company") will make a free distribution of shares of its common stock on 18th May, 1990, Japan time, to its shareholders of record on 31st March, 1990 at the ratio of 0.1 share for each one share beld. The transfer agent of the Company will be closed on 31st March, 1990. Therefore, a holder of any Warrants wishing to be entitled to this free share distribution must exercise his Warrants and he a shareholder of record of the Company at or prior Warrants and be a shareholder of record of the Company at or prior to 15.00 hours, Japan time, on 30th March, 1990. This free share distribution is subject to the condition that 4,000,000 new shares of

common stock proposed to be issued by the Company through a public offering in Japan shall be issued on 31st March, 1990.

If such free share distribution is made, the Subscription Price at which shares are issuable upon exercise of the Warrants, currently 3.116 Japanese yea per share, will be reduced pursuant to Condition
 7 of the Terms and Conditions of the Warrants. Because of the condition precedent to the free share distribution and the proposed issue of new shares mentioned above, the Subscription Price, as adjusted as a result of the free share distribution, is not determinable w. Further notice will be given about this matter. The Deiwa Bank, Limited on behalf of

12th March, 1990

U.S. \$500,000,000

CITICORPO Subordinated Bank Adjustable Note Capital Securities BANCS

Notice is hereby given that the Rate of Interest has been fixed at 8.6875% and that the interest payable on the relevant interest Payment Date June 12, 1990 against Coupon No. 14 in respect of US\$50,000 nominal of the Notes will be US\$1,110.07.

March 12, 1990, London By: Cilibank, N.A. (CSSI Dept.), Agent Bank

CITIBANCE

NISSHO CORPORATION

JPY 7.500.000.000 verse Floating Rate Notes due 1991 For the period March 8, 1990 to September 9, 1990, the notes will beer an interest rate factor

The interest due on September 10, 1990 against coupon nr 8 will be JPY 134.050.

The Principal Paying Agent SOCIETE GENERALE ALSACIERRIE DE BANQUE 15, avenue Emile Reuter LUXEMBOURG

Reyal Trustce Limited Rayal Trustee Limited
U.S. \$150,000,000
Pleating Rate Subordinated
Capital Debentures Due 2038
Notion in hereby given that the rate of
interest for the six month period
2 March 1930 to 10 September 1930 has
been fixed at 8.7255 per cent. The amount
payable per U.S. \$20,000 Note on
16 September 1930 will be U.S. \$440.46
against Coupan No. 8. The smoont
payable per U.S. \$100,000 Note will be
U.S. \$440.46 against Coupan No. 8.

Pend of Montrarel at A cent Bank of Montreal as Agent

UBS Phillips & Drew

STERLING BOND STATISTICAL DATA First Half 1990 Edition Details of all current issues over £10m

- contained in 48 pages.
- Bulldogs
- Corporates
- Euromening
- 🖪 Sami-ennual update due July 1990
- Price: £100 per annum

Excusives and orders to: Berbara Emme USIS PARSON & Drys 100 Liverpool Street - London EC2M 2RH Telephone 81-901 3181

WORLD CAPITAL MARKETS

Return from equities, bonds and cash

Analysis of

- 1989, the year

1980s, the decade

Waighting mechanisms, volatility, correlations

■ Prion: £100



INTERNATIONAL CAPITAL MARKETS

US MONEY AND CREDIT

Fed tug-of-war with White House

last week until confronted by news that the US economy has been generating jobs at a rapid

The employment data were bolstered by all sorts of special events, but the underlying trend was strong enough to increase the still faint murmurs in the market that the Federal Reserve's next move might be a tightening rather than easing of monetary condi-

While some of the talk on

A tug-of-war between Administrations and the Fed over economic policy is a high-stakes game in Washington . . . The Administration has made it abundantly clear already that it believes lower Interest rates are called for

Friday was about the 372,000 jobs created in January, most of it focused on one job – that of the chairmanship of the Fed-

eral Reserve.
"A long-time adviser" of
President George Bush said the President was "mad as hell" that Mr Alan Greenspan was refusing to lower interest rates to stimulate the economy. according to a report in the Los Angeles Times. If he carried on like this, Mr

Greenspan's chances of being re-appointed to the chairman-ship of the Fed when his term expires in August next year were slim at best, the adviser said.

White House officials promptly denied the report and Mr Greenspan won stirring endomements from Democrats and Republicans alike in Con-

But many in the markets considered that the story should be treated as serious anould be treated as serious politics. They pointed, for example, to the fact that the report appeared in the Los Angeles Times. The paper has the standing to give the story enough but not too much credibility. Investors would have been rattled if it had appeared in the New York Times or Wall in the New York Times or Wall Street Journal, which are better plugged into the Adminis-tration and the markets. A tug-of-war between Admin-

istrations and the Fed over eco-nomic policy is a perennial

RIDING on the coat-tails of an upwardly mobile dollar, US credit markets held their own soon for an Administration to start playing the reappointment gambit, particularly with mid-term congressional elec-

tions looming this autumn.
The Bush Administration has made it abundantly clear already that it believes lower interest rates are called for. Mr Nicholas Brady, the Treasury Secretary, told Congress last Thursday that the current rise in rates is "a concern to the Administration." Someone within the lower interest rate faction of the Treasury was considered by some observers as the most likely leaker.

Mr Greenspan recently told Congress that the economy was picking up steam and so was increasingly unlikely to slip into a recession. Curbing persistently firm inflation was his main policy priority.

Quite what Mr Greenspan and other Fed officials thought

of the LA Times story will probably not be known. But it is tempting to read some sort of signal into the behaviour of the Fed funds rate on Friday. It rose to 8.30 per cent because the Fed failed to add reserves as the market had expected. In recent weeks the Fed has been very conscientious about keeping the rate bang on its per-ceived target of 8% per cent. Did the Fed let the rate rise as a warning to the Administration to leave the Contral Bank

It was impossible to conclude that the rise was purely a technical matter, said Griggs and Santow, the money market

Thus investors and traders will be watching Fed funds closely this week in case the Fed is making a more overt policy signal than just a one-day protest against Administration meddling.

Recent economic data, par-ticularly the employment fig-nres last Friday, "spell out further near-term upward pressure on interest rates especially short term rates – because they shift speculation away from monetary ease toward monetary tightening," market economists on Friday. Moreover, this further firm-ing of market rates will continue to support the dollar just when central banks are trying to batter it down. Heavy intervention last week only worked to that end on Monday. In subsequent days the best the cen-tral banks could achieve was

Ironically, it was foreign centrai banks themselves which contributed directly to the rise in short-term interest rates. So far this year they have liqui-dated \$7.2bm of US securities through the New York Fed to fund their intervention. Yields have risen to accommodate the selling with, for example, twoyear Treasury notes rising 23 basis points last week alone. By comparison, the yield of the benchmark 30-year bond rose only eight basis points, thanks to some genuine buying by

Most people on Wall Street realise what is driving the dollar. "It is important to appreciate that the dollar's strength does not reflect an increased flow of funds, a vote of confidence in current economic polices or an improved economic outlook," said Griggs and Santow. "No, this rise in the dollar is largely a reflection of growing concern about the prospects for the economies of Germany and Japan."

Ermany and Japan.

Even so, US markets got a
little worked up about the
employment figures on Friday.

Not only did February's figure
for new jobs come in far higher than forecast at 372,000, but January's was revised up to 332,000 from 275,000.

Street for a while. Roderick Oram US MONEY MARKET RATES (%)

Last month's figure was

pumped by the hiring of 30,000

census takers, the return to work of 70,000 of the 97,000 car

workers laid off in January

and a further increase in the

number of construction work-

ers, thanks to the relatively

Still, rates like that could

mean that the gross national product could grow in the first quarter at an annual rate of

between 15 and 2 per cent. But not all economists believe

growth is returning to a sus-

tainable higher rate from its

brush with recession late last

Klider, Peabody argues, for example, that the rate will fal-

ter again in the second quarter

when higher interest rates will

exacerbate the sluggish pattern

of retail sales. A foretaste of that is likely tomorrow when

February's retail sales are

released. Because of an 8.9 per cent slide in car and truck

sales last month, retail sales

might show no growth from

But while these domestic economic signals will not be lost on the market, it will be the dollar and the course of interest rates abroad which are

likely to continue to set the tone of credit markets on Wall

mild winter.

	Lask Friday	I seed	A sets	12-mask High	J2-month Low
Fed Fouris turnelity average)	8.23	#.25 8.00	8.19 7,99	9.92 9.11 9.37	8.09 7.26 7.18 8.10 8.05 8.10
Shr-weigh Treasury bills	8.30 8.35 8.20 8.20	8.16 8.30 8.18 8.13	8.07	9.37	7.18
Time-eyest press US	820	8.30 8.18	8.12 8.22	10.35 9.95	8.05
90-day Commercial Paper	8.20	8.13	813	10.65	8,10
US BOND	PRICES /	UID Y	III.D9	(%)	
	Last. Fri.	Change CH 14%	Yield	1 week	4 wk.
Seren-year Treasury		-4	8.49	8.55	6.30
20-year Treasury	10(1)	7		1.54 1.46 8.34	
Money supply: In the week	ended Februsi	y 25 M1	rose by	90.5bit to	\$200.9bn
MR1.T	OKYO BO	HD IN	DEX		
		PER	CHILANCE	MOEX	
December 1955 = 100		-	test	12 whs	26 mis
	8/5/70	174		760	ago
No of	10.5	7.25	143.13	14.25	148,41
			-		

· Patherstad per richt

UK GILTS

Pessimism could favour the brave

Mar 9, 1990

Mes 5, 1844

10 years 20

overheated economy, it is pos-

sible to have conversations

with officials which conclude

that the full effects of the mon-

etary tightening still have

some way to go.
In official circles there is

concern that the retail sector is

decelerating.
The Confederation of British

weakness. Growth in M0 is consistent with this.

Real income growth seems to be the main factor behind this

resilience; continued growth in employment is exacerbating it.

Average earnings are forecast

to have grown by 9% per cent in the year to January. Unem-

FT/AIBD INTERNATIONAL BOND SERVICE

Source: Warburg Securities

Mar 2, 1990

UK gilts yields

Restated at par (%)

A WEEK before Mr John Major, the Chancellor of the Exchequer, presents his first Budget, a mood of despon-dency and gloom pervades the gilt-edged market.

This week's raft of economic indicators could, if favourable, brighten the market's spirits. But, like a pessimist, it is currently of a mind to see the glass half empty, rather than half full.

Prices for long-dated gilts continued to fall last week. Yields at the long and are now within a whisker of 12 per cent. The beliwether Treasury 11% per cent 2003/07 is now trading below par, ending on Friday evening at 11.98 per cent. The declines were mostly driven by futures, but when the cash market did get acti-vated late in the day the predominant reaction was to sell. Mr Major is not the first Chancellor to face a difficult time in the weeks before a Budget. In March 1988, Mr Lawson was forced to change course on his DM3 target because of Prime Minister Margaret Thatcher's opposition to currency intervention; also the indicators were ambiguous.

Last March the indicators were similarly ambiguous, but in May, the pound's fall forced a rise in interest rates. In the end, this too received approval after the event on the basis of revisions to data which made the economic situation clearer by suggesting that growth ained robust

It is remarkable that now, 22 months after Mr Lawson began to apply the dampers to an

ployment, which is turning out to be one of the longest lagging indicators, is forecast to have fallen by 15,000 in February. But it could be more - fore-casts have undershot before.

Last Friday's revisions to employment data were hardly good for the Government either. When, this week, they are incorporated into the labour market figures, produc-tivity growth will be lower than thought while unit costs will be higher.

With the near-term inflation outlook ghastly, no wonder the authorities are having collective kittens over sterling's dramatic fall. Only a little over two weeks ago the Treasury and Bank were basking in the warmth generated by sterling's rise above its pre-Lawson resig-nation level. Since then the pound, on trade-weighted terms, has fallen 4 per cent.

still quite buoyant. Consumer borrowing is not accelerating, as some thought was indicated by January's figures, the prob-lem is that borrowing is not The risk that base rates will have to rise has now increased The Bank, which reportedly intervened substantially and unsuccessfully on Friday, has always held that intervention alone is not sufficient to alter Industry/Financial Times dis-tributive trades survey also seemed to underline the strength of sales rather than

the course of a currency. All the Bank succeeded in doing on Friday was to provide cheap

dollars to the market. Most of the falls seen in UK asset markets have had little to do with what the economics data suggest about the economy. Politics are exerting a powerful influence on the mar-

The only respite from the latter will be if, like water privatisation, the poll tax furore proves transitory. But between now and the end of the month the market has the Budget, the mid-Staffordshire by-election and the trade figures to negotiate. During this time the Japa-nese and West German mone-tary authorities may tighten their respective monetary screws another notch.

It is a brave investor who would commit funds to the gilt market in such an environment, with such large unknowns. But for the brave, there is always the first law of speculation to fall back on: when everyone is a seller it is

Simon Holberton

Amax Gold increases gold output

TOYO TST & BANKING 1 \ G2......

AMAX GOLD, an 87 per cent-owned subsidiary of

Venture in California it did not own, writes Kenneth Gooding. Amax Gold expects this year to produce about 310,000 ounces of gold. When Hayden Hill starts in 1992 the Californian mine is forecast to have an annual output of 145,000

Amax, the third largest US aluminium group, seems close to securing its ambition of becoming the producer of 500,000 troy ounces of gold a year by pay-ing \$14.9m cash for the 40 per cent of the Hayden Hill Gold

ounces of gold.

Invest Now in Germany

The collapse of barriers that separated Europe into East and West for decades has created attractive investment opportunities in a rapidly changing political environ-ment. Previously untapped consumer markets in Eastern Europe are opening up to Western and Asian products, technologies and services.

West Germany, a driving force behind the integration of Western Europe and the continent's most dynamic economy, is the logical bridge between East and West. Bordering on three East European countries, West Germany serves as a platform for access to the entire East European marketplace. For numerous West German corporations this unique position adds great potential for expansion and growth for many years to come. For this reason it is well worth investing in selected West German companies poised to gain from the emergence of these new markets.

If you want to benefit now from the added growth potential of West German corporations, talk to Hypo-Bank, West Germany's oldest publicly-quoted bank and one of the nations's leading financial institutions.

Hypo-Bank's expert teams of researchers, securities analysts, economists and portfolio managers pool their long experience and market knowhow to provide their clients with the finest in performance-oriented investment decision-making. These capabilities are supported, for example, by a significant local presence in East Germany, where the Bank is opening a total of 20 branches.

To find out how you too can profit now from the many new Europerelated investment opportunities already on the horizon in Germany, contact one of our specialized teams of professionals in Munich:

Andreas Muth, Telephone: (89) 2366-8661, Fax: (89) 2366-8589, Telex: 5286546

Portfolio Management Services:

Institutional Sales:

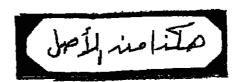
Christine Seubert, Telephone: (89) 9244-6120, Fax: (89) 9244-6140, Telex: 5213886.



Investment Banking in the finest Royal Tradition

HYPO-BANK, Bayerische Hypotheken- und Wechsel-Bank AG, Theatinerstrasse 11, D-8000 Munich 2

ABBEY MATIONAL 87, 43. ABBEY MATIONAL 87, 43. ABBEY PATTONAL 87, 43. AHEODS FIR 113, 44. ALBERTA PROVINCE 73, 41. ALBERTA PROVINCE 73, 43. ALCOR AUSTRALIA 11, 42. ALCOR AUSTRALIA 11, 42. ALLED SIGNAL 65 93. ALISTRA 45 94. AVON CAPITAL 65 93. BFIC 54 96. CANADIAN PACIFIC 64 96. DERMARK 65 99. SKANPA NTL.71 92 SNCF 71, 94 STATE EK STR. AUST 91, 93 STATE EL VICTORIA 10 92 STATOL 73, 94 STATOL 73, 94 STATOL 73, 94 STATOL 75, 94 TIT 64, 92 MEDDIALIS COMP 65, 92 MEDDIALIS COMP 65, 93 MEW ZELAND 71, 93. MEWAY 31, 92, MEWAY 31, 92, MEMORIS 64, 92 PRILIP MORRIS 64, 92. SWEED 15, 93. SWEED 15, 94. WORLD BANK 71, 92. of Real PME74 92. S. S.



Tate could play central role in Brit Sugar futu By Clay Harris, Consumer industries Editor TATE & LYLE, the sweeteners threaten the mainte independent cane re the UK. Brit Sugar future

group, will play a central role independent cane refining in the UK.

British Sugar, if bid speculation about the latter's parent company. Berisford International, ever develops into any-

thing more concrete.

Tate's interest is two-fold it still wants to buy British Sugar if the Government would change its view and allow a merger. Moreover, even in the absence of an offer from Tate itself, the fate of other bids would rest to a great extent on the possible affect on Tate's position in the UK sugar mar-ket.

British Sugar's future is up in the air because of financial troubles at Berisford, where Mr Ephraim Margulies resigned on Friday after 12 years as chairman. Berisford also said it was in periminary talks about a possible bid. ible bid.

Sinion Heliat

gold oath

A Property

 $\cdots \ast a : d \not =$

The name has not been disclosed, but the party in ques-tion is neither Hillsdown Hold-ings nor Ranks Hovis MacDougail.

Tate would have more chance of blocking a rival sugar producer than it would an offer by a food manufacturer such as Associated Brit-ish Foods, RHM or Hillsdown, which has ruled itself out of the picture at least for the time

When ARF, which owns 28 per cent of Berisford, bid for the company in 1987, the offer was allowed to proceed with-out a reference to the Monopo-lies and Mergers Commission. Hillsdown's bid in 1986 was referred, but the MMC dropped the probe after Hillsdown sold its shares to Ferruzzi of

Italy.
Tate's hid for Berisford was not allowed because the combined group would account for 95 per cent of UK sugar sales. The MMC rejected Tate's con-tention that it should consider the European Community mar-lmt as a whole. The rival Ferruszi offer was

blocked for three reasons: it would lead to higher prices because of likely restrictions on imports; it would strengthen Ferrusa's voice in EC institutions to the detri-ment of the UK; and it would

TATE & LYLE, the sweeteners threaten the maintenance of

St Louis Bouchon, owner of Générale Sucrière, the second largest French sugar group, if it wented to buy British Sugar. With France running a sugar surplus, the implied threat to Tate — which as a cane refiner operates under a severe competitive disadvantage in the EC would be enormous.

Südzucker, West Germany's biggest sugar producer, proba-bly still has its hands full after the recent full price it paid for Belgium's Raffineria Tirlemon-

Tate's ambitions. Forbidden from buying Berksford in 1987, it strengthened its position in North America and Europe North America and Europe with a series of acquisitions starting with the US corn syrup producer Staley Continental. In spite of disposals, Tate's gearing will only come down below 100 per cent by its financial year-end in September.

Perhaps the most enigmatic player is Mr Larry Goodman, the Irish agribusinessman who has amassed more than 11 per cent of Berisford. There is no doubt that his ambitions doubt that his amoutions stretch this far, what is less certain is his wherewithal and political acceptability to own the company which determines UK sugar prices. In spite of the ABF exception, any hid for British Sugar is likely to face a monopolies reference.

CMG Dutch buy

CMG-Computer Management Group, the independent consul-tancy and business systems company, has bought the Dutch computer services bureau Quadata, which is involved in payroll services and facilities management. Quadata, which has annual sales of £3.8m; is CMG's second.

acquisition in Holland in a month, following the purchase of a psyroll specialist com-pany, Dora.

Banks give Laura **Ashley**

same support By Andrew Bolger

A WARRING by Laure Ashlay, the international clothing and home furnishing group, that it might break a condition of its

might break a condition of its existing borrowing facilities brought the Bank of England in to chair a meeting of the company's bankers.

The group, famous for its "English country" style, has said that it will only break even in the year ended February, before a £2.5m exceptional cost for reorganisation ary, below a 22.5m externational cost for reorganisation and redundancies, after making pre-tax profits of 26.5m in the first half.

Ashley arranged a £75m syndicated multi-option loan facility through Midland Montagu with 14 other banks in April, 1988, Last week it told its bankers that although it has only drawn down £40m so far, it could foresee circumstances. it could foresee circumstances in which it might break one of

in which it might break one of the covenants, or conditions, of the facility.

Two of the banks objected strongly and approached the Bank of England. An official then chaired a meeting of all the banks, which agreed to continue to support Ashley on the existing terms.

The US garment side saw poor supply and a market downturn; in the UK, home furnishings had been hit by the curb on consumer spend-

UK COMPANY NEWS

Why war-war may give way to jaw-jaw

John Thornhill sets the scene as Jameel's £172m bid for Hartwell draws to a close

and keenly-contested takeover struggles of recent times is set to end today as the Jameel Group's £172.4m offer for Hartwell, the Oxford-based motor group, draws to its final close at lunchtime.

The outcome is far from clear and the struggle may continue right up to the line, as several institutions with critical stakes waver about Although the Saudi Arabian

Jameel now speaks for about 37 per cent of Hartwell's ordinary shares it has found it hard to budge the remaining shareholders, despite the inducement of a telephone bothing star to preceive accept. bot-line set up to receive accep-tances for a loan note alterna-tive to its 155p cash offer.

Yet this tight finish seemed

an unlikely conclusion when Jameel launched its bid in January as few in the City then gave Hartwell much hope of

scape.

Jameel, the largest motor distributor in Saudi Arabia, was seen as a determined bldder with deep pockets desperate to break into the UK motor distribution market, while Har-twell was generally viewed as a rather rustic outfit whose directors seemed unlikely City operators.

But despite the background

of the troubled motor market against which the battle has been fought, Hartwell's man-agement has made a strong case that as the country's third largest motor distributor it can offer good long term profits

growth. Hartwell forecast that in the year to February 28 1990 pretax profits might rise by 19 per cent to £12.4m - including 21.2m benefit from reducing pension fund contributions about £2m more than its brokers had previously suggested. It also claimed that the acquisition of the Charles Clark and Ford & Slater motor dealerships last May and its portfolio of properties put it in a strong position to sustain such growth into the future.

Jameel countered that stripped of its pension fund kick, Hartwell's earnings per share were likely to fall by about 8 per cent in the current year. And Jameel argued that its own offer - revised upwards from 2151.3m to £172.4m - represented an exit multiple of 18 times Hartwell's prospective earnings, a gener-ous premium to the sector. But whichever side the

shareholders support today, it seems likely that Hartwell will face an unsettled period for some time to come. if Jameel does squeak home and wins outright control then

the Saudi Arabian company will face a tough time persuad-ing car manufacturers that it has the necessary expertise and experience to run Hartwell's franchises. For although Jameel has successfully run Toyota's franchise in Saudi Arabia since 1955, it has



Peter Huggins (left), Hartwell chairman and Rupert Carington, chairman of Oakhill through which the Jameel offer was made

no experience of running such operations in the UK.

Jameel has held tentative negotiations with several manufacturers but has met a hos-tile reception from some of them. Jaguar and BMW have indicated that they are unlikely to transfer their fran-chines while Mercedes Henz has said that it definitely will not. These manufacturers account for franchises at eight

of Hartwell's 33 sites. But Jameel may also encoun-ter difficulties with other seemingly more receptive manufac-turers. Ford has said it will review any transfer of its fran-chises and is likely to remove



takeover by Jameel. And even those manufacturers, such as Vauxhall, which have no objec-tion to Jameel in principle have expressed increasing con-cern at the acrimony that has built up between the two sides. On the other hand, if Har-

twell does prevail today it will face the gruesome prospect of having to contend with a big discontented shareholder. As Hartwell's largest shareholder, Jameel could prove to be an obstructive force constantly harrying the board and requesting shareholders' meet-

If the Jameel offer lapses, Hartwell may also have to face restlessness from other share-

holders in the face of a likely fall in its share price, currently

But there is also a further unsettling possibility, namely that Jameel may today be able to claim deferred control of

Jameel has already declared to offer for Hartwell's convertible preference shares uncondi-tional und on conversion of these shares in 1992 it may be able to claim more than 50 per cent of the company's ordinary shares, requiring it to make an offer for the remainder. Such a scenario would give Hartwell's management a stay of execu-tion but would hardly clarify the company's immediate

It therefore seems likely that there will be no clear winner today and whichever way the hid swings the two sides will have to reach some kind of set-

Hartwell's management, determined as it is to retain its independence, will at least have to talk to its biggest shareholder for Jameel has stated quite insistently that it is not going to go away. And it may well be that the war-war between the two sides that has characterised the last few onths will soon have to give way to law-law.

Charter continues its refocusing with US deal

By Andrew Bolger

CHARTER Consolidated, the UK industrial holding company which is part of a worldwide network of companies under the influence of Anglo American Corporation of South Africa, is continuing its refocusing under Mr Jeffrey Herbert, the new chief executive.

Anderson Groun, Charter's

Anderson Group, Charter's wholly-owned mining equip-ment arm, has agreed with the New York-listed National Mining Service to buy in the out-standing 48.8 per cent of NMS which it does not already own for \$8.875 a share. Anderson's original cash offer of \$8.50 a share was

announced on February 16. The higher price was agreed by Anderson after negotiations with a special committee of the board, who unanimously approved the deal.

NMS sells and services mine supplies and health and safety products throughout the US and Canada from its headonary.

and Canada from its headquar-ters in Pennsylvania.

ters in Pennsylvania.

Charter is also seeking others
for its wholly-owned subsidiner, MKR Holdings. Its principal business, MK Refrigeration,
makes and markets drink and
food cooling and storage equipment for the catering and
licensed trades.

Former UTC directors involved in Lanca deal

MR GEOFFREY Simmonds and Mr Richard Owen, former joint chief executives at UTC Group, are among the investors who are backing Mr Andrew Greystoke's management buy in at Lanca, the handbag importer and character merchandiser, writes Clay Howsie

writes Clay Harris.

The last public deal they did together led to all three losing their jobs. In September, Mr Simmonds and Mr Owen sold more than half their shares in UTC to City & Westminster Group, then headed by Mr Greystoke, who treated the deal as a precursor to a merger between the two companies. However, the UTC duo's fel-

U.S. \$200,000,000

Midland International

Financial Services B.V.

anteed Floating Rate Notee due 1999

ed on a subordinated basis as

ilidiand Bank pic

Notice is hereby given that for the six months interest Period from March 12, 1990 to September 12, 1990 (184 days) the Note Rate has been determined at 8%% per annum. The interest payment date, the relevant interest payment date,

the relevant interest payment date, September 12, 1990 will be U.S. \$440.63 per U.S. \$10,000 nominal

Julia Carrick on 01-873 4664

By: The Chase Manhellon Bank, N.A.

Landes, Agent Bank

March 12, 1990

low directors were less than enchanted with this idea, prompting their departure from the financial and prop-

from the financial and property services group.

A subsequent fall in UTC's abare price — and the value of CWG's stake — contributed to the ousting of Mr Greystoke not long afterwards.

Now Mr Simmonds and Mr Owen have emerged with an interest in 125,000 abares at Lanca. Interfiducta, a Liechtenstein trust linked to Mr Greys.

stein trust linked to Mr Greys toke, has an interest in 312,889 shares of the Lalm involved in the buy-in, including one quar-ter of those linked to Mr Sin-

BOARD MEETINGS

Interims - Corrected Purior, MAI, Unigroup.
Pirely- Atlance Trust, Sotreams AST, Bulters.
Problems, Hurmory Gold Mindre, Hobers,
Publishing, Lilleshall, Low & Boner, Lowe
Group, Merchants Trust, Pendragon, Perline
Floods, Pleaton, Richardsons Westgarth, Rebjason Bros (hyders Green), Sale Tilney,
Bater, Transport Development, USOG investpagel Trust.

FT Share Information Service

NOTICE TO HOLDERS OF WARRANTS TO SUBSCRIBE FOR SHARES OF COMMON STOCK OF AND CONVERTIBLE BONDS OF

OMRON TATEISI ELECTRONICS CO.

U.S.\$100,000,600 4 per cent. Bonds due 1991 with Warrants

U.S.\$250,000,000 4 per cent. Bonds due 1993 with Warrants ("Warrants -- 1993")

U.S.\$150,000,000 2% per cent. Convertible Bonds due 2002 ("Convertible Bonds – 2002")

NOTICE IS HEREBY GIVEN that, as a result of a meeting held on 2nd March, 1990, the Board of Directors of OMRON CORPORATION (formerly, OMRON TATEISI ELECTRONICS CO.) resolved to make a free distribution of shares of its common stock to the shareholders on record as of 31st March, 1990 (Japan time) at the ratio of 0.05 share for each share held.

As a result, the subscription prices and the conversion price will be adjusted effective as from 1st April, 1990 (Japan time) as follows:

1) Subscription Prices and Conversion Price before the adjust

The following securities were added to the Share Service: Beamford Tp (Net) Cum. Cav. Red. Prf. (Section: Engineer-

Mitsui Bank (Banks, HP & Lessing). Scottish Asian Investment Co. Ptg. shs. (Investment

Our European world is e-x-p-a-n-d-i-n-g



Vita's world is expanding, and nowhere more than in continental Europe. Since its first foothold in the Netherlands in 1978 the Group has progressed so much that today 45 operations in Europe generate around 60% of the Group's business.

> Vita....an uncommon Group in the Common Market.



VITA BRITISH VITA PLC

British Vita PLC, Middleton, Manchester M24 2DB Tel: 061-643 1133 Telex: 667673 Fax: 061-653 5411

INTERNATIONAL LEADERS IN POLYMER, FIBRE AND FABRIC MATERIALS AND TECHNOLOGY... SERVING THE FURNISHINGS, TRANSPORTATION, APPAREL, PACKAGING AND ENGINEERING INDUSTRIES.



Christiania Bank og Kreditkasse (Incorporated in the Kingdom of Norway with limited liability) U.S.\$250,000,000

Floating Rate Subordinated Notes Due 2001
Notice is hereby given that the Rate of Interest has been fixed at 8.5% and that the interest payable on the relevant Interest Payment Date September 12, 1990 against Coupon No. 8 in respect of U.S.\$10,000 nominal of the Notes will be U.S.\$434.44 and in respect of U.S.\$250,000 nominal of the notes will be U.S.\$10,861.00.

March 12, 1990, London By: Cilibonk, N.A. (CSSI Dept.), Agent Bank CITIBANCO

ML-MIM **European Equity Revival Fund N.X.** (incorporated in the Netherlands Antilles)

> Placing by Merrill Lynch, Pierce,

Fenner & Smith Incorporated of up to 100,000 shares of Class A Common Stock, par value DM 0.20 per share and up to 100,000 shares of Class B Common Stock,

par value DM 0.20 per share The principal business of ML-MIM European Equity Revival Fund NV. is to invest in equity securities of European companies likely to benefit from the 1992

movement in Europe and the opening of Eastern European markets. Application has been made to the Council of The International Stock Exchange for admission of the shares of the Fund to the Official List.

Particulars relating to the Fund are available in the Extel Statistical Service and copies of the Placing and Listing Memorandum which comprise Listing Particulars may be obtained during usual business hours (Saturdays and public holidays excepted) until March 14th 1990 from The Company Amouncements Office, The International Stock Exchange, London EC2N 1HP, and until March 26th

> **Merrill Lynch Limited** Ropemaker Place 25 Ropemaker Street London EC2Y 9LY

ML-MIM European Equity Revival Fund N.V. John B. Gorsiraweg 6 Willemstad, Curação

The shares of the Fund have not been registered under the United States. Securities Act of 1933, as amended, and may not be offered or sold, directly or indirectly, at the United States of America or to or for the benefit of United States persons.

Dated: March 12th 1990

NATING RATE US \$400,000.0

In accordance with the Terms and Conditions of the Notes, notice is hereby given that for the Interest Period from 12th March 1990 to 12th September 1990, the notes will bear a

AGENT BANK: CHARTERHOUSE BANK LIMITED

Rate of Interest of 13.77798% per annum.

CHARTERHOUSE

	W.	E LENDING	R	ATES	
am & Company Ited Trust Bask Ited Trust Bask Ited Trust Bask Ited Trust Bask Ited Trust Ited Trust Ited Trust Ited Ited Ited Ited Ited Ited Ited Ite		Opens Popular Bit Dustar Bank PLC Dustar Lawrie Espatorial Basik pit Espatorial Basik pit First National Bank Pis. Bishert Firsning & Co., Bishert Firsning & Go., Bishert Firsning & Go., Bishert Firsning & Go., Bishert & Go., Bishert & Go., Bishert & G., Bisher		Regal Trust Rank Sanish A. William Secs. Sanish Clear Land TSB United Br of Keenit United Mitarali Bank United Mitarali Bank United Trust Bank Pic Western Trust Western Trust Western Bank Corp.	555455555555555555555555555555555555555
	45	O Law all I work & Come	48		

Monhart of British Marchini, Banking & Securities Houses Association, "Deposit own 5.9% Securice 8.5%, Top Tie-£10,000 + Instant access 12.8% & Montgage base pade. § Demand deposit 9%, Montgage 13.2% - 15.95%

Subscription Prices and Conversion Price after the adjustment: Convertible Bonds - 2002

3) Effective date of adjustment: 1st April, 1990 (Japan time) Dated: 12th March, 1990

Warrant – 1993 Convertible Bonds – 2002

Warrants - 1991

ncorporated in the Kings of Sweden) ¥5,000,000,000

U.S.5300,000,000 314% CONVERTIBLE BONDS

Notice is hereby given that the Rate of Interest for the Interest Period from 12th March, 1990 to 12th September, 1990 is 7.53% per annum.

Interest payable on 12th September, 1990 will amount to \footnote{33,795,945 per \footnote{100,000,000 principal amount of the Notes.

PKBANKEN

Floating Rate Nikkei

Average Notes due 1992

Agent Bank
The Long-Term Credit Bank
of Japan, Limited
Tokyo

THE DAL-ICHI KANGYO BANK, LIMITED

Notice is hereby given that at a meeting of the Board of Directors of The Dai-Ichi Kangyo Bank, Limited held on 2nd March, 1990, it was resolved to make a free distribution of 31st March, 1990 (Japan Time) in the ratio of 0.07 new share for each outstanding share held.

In accordance with Condition 4 of the Terms and Conditions of the Bonds, the Conversion Price of the Bonds (currently Yen 3,479.40) will be adjusted to Yen 3,251.80 with effect from 1st April, 1990 (Japan Time).

THE DALICHI KANGYO BANK, TWILLED Dated: 12th March, 1990

(Incorporated with limited liability in Japan)

Yea 3.065.00

Yen 1,310.70

Yen 1,307.10

Yen 2.919.00

OMIRON Corporation

as Principal Paying Agent

Notice is hereby given that at a meeting of the Board of Directors of The Dai-Ichi Kangyo Bank, Limited held on 2nd March, 1990, it was resolved to make a free distribu shares to shareholders on record as of 31st March, 1990 (Japan Time) in the ratio of 0.07 new share for each outstanding share held.

U.S.\$100,000,000

294% CONVERTIBLE BONDS

In accordance with Condition 4 of the Terms and Conditions of the Boads, the Conversion Price of the Bonds (currently Yen 1,439.60) will be adjusted to Yen 1,345.40 with effect from 1st April, 1990 (Japan Time).

THE DAI-ICFU KANGYO BANK. LIMITED

Dated: 12th March, 1990

The Financial Times proposes to publish a full colour feature on Art & Antique collecting on Saturday October 7th Flored In For further details contact:

		FIN	ANCIA	L TIME	S STO	CK IND	ICES			
	Mar 9	Mar 8	Mar 7	Mar 6	Mæ 5	Mar 2	1989 High	/90 Low	Since Con High	pilation Low
ment Sess	76.98	77.79	77.70	77.53	77,88	78.60	89.29	76.98	127.4	49.18
aterest	87.18	67.19	87.41	87.41	88.12	88.64	99.59	87.18	105.4	50.53
y	1763.8	1774.4	1757.0	1745.7	1755.6	1774.2	2008.6	1447.8	2008.6	49.4
ines	275.8	283.5	286.5	282.8	276.5	23.5	378.5	154.7	734.7	43.5
All Share	1110.85	1116.74	1107.51	1102.28	1109.45	1121.03	1226.83	921.22	1238,57	61.92
100	2234.3	2250.0	2230.3	2216.0	2230.5	2254.8	2463.7	1782.R	75637	0.400

MONTREAL



1788.G 1729.93 1137.54 1153.26 1849.16 (22/1740 1340.64 0007/09 647,55 734.84 (31/8/89) 377.49 (BIGSE) 357.33 (J.D.)31) 852.76 847.77 847.46 857.58 1007.80 CH4859

FT hand delivered in Turkey

And ask for Metin Gurei for details.

FINANCIAL TIMES

Keep the world in focus.

task were it not for the Financial Times. The FT has breadth and depth of vision, an eye for events that are often in shadow and the ability to provide sharply detailed analyses. In short-it keeps track of a global economy that's in constant motion.

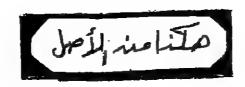
To order call 1-800-344-1144. In Canada 1-800-543-1007.

FINANCIAL TIMES

14 East 60th Street • New York, NY 10022 USA

DAY MARGIN

To the second



ET LINIT TRUST INFORMATION SERVICE

			FT UNIT	TRUST INF	ORMATION SERVICE	● Curr	rent Unit Trust Prices are available or Unit Trust Code Booklet ring the FT	n FT Cityfine. To obtain your free Cityfine help desk on 01-925-2126
	AUTHORISED		Country Country Line (1400) Control Country	one Fund Managers - Could.	Lazzed Unit Tist Mayes List (12001F Migrile Juniter Unit To 28 Marrieth, Laries CCP 207 et 5002772) 197 Enistants Lazze	t Mars List (M905)F		ichreuter Unit Trepts List - Conta. # Laimfort - 34 47 51 47 51 50 000 50 -
	UNIT TRUSTS	Buckmander Haugett Co List (12001H) The Stack Extrans Latin ECP 217 OL 600 2000 Inc. Laureing Costs 2505.7 93.97 OL 600 2000 Inc. Laureing Costs 2505.7 93.97 OL 600 2000 Inc. Laureing Costs 2505.7 93.97 OL 600 2000 Inc. Latin United 260.8 65.25 64.25 October 100 Latin United 260.8 65.25 64.20 COS 2000 Inc. Latin United 260.8 65.25 64.20 COS 2000 Inc.	South Co. 5 181.0 181.5 280.1 (6.45 283.5 the 1 to 2 to 3 to 5		Michigan Maria 1, 1920 9 2010 102 11 10 04520 Maria 10 10 10 10 10 10 10 10 10 10 10 10 10	ot Mastra Life (1808)F	Greenth	Jurd Revental Sci. 241 92 41 923 44 16 20 16 16 16 16 16 16 16 16 16 16 16 16 16
So Maria	## 10 Project 10	March	127 1 27 1 27 1 2 2 2 2 2 2 2 2 2 2 2 2	alma (Silt p. 6) 20.22 50 66 53 99) 1-16439 6	Lagel & General (R.T. March Lin (1.2000) Admir 5 Revision State, United Revision Control Service Control Serv	TO THE WOLLD BARD AND THE PARTY AND ALTONOMY.	Parmirade Administration Ltd C.700F 18-19 Sandard R. Louise WCIR 472 41-436 695 18-19 Sandard R. Louise WCIR 472 41-436 695 18-33 18-04 43-312 434 43-435 43	sectic dentine 5-4, 50-54 51 294 94 8890 colorado formo lubrialo 54, 50-56 51 85 55 55 50 00 6400, matter Ca 1, 5-5, 161.3 164.6 177 72 76 1427), formo lubrialo 54, 177 112 76 1427, formo lubrialo 54, 177 112 78 1427, formo lubrialo 54, 177 142 79 177 200 00 6407) formo lubrialo 54, 177 147 147 157 157 33 441427, formo lubrialo 54, 177 147 147 157 33 441427, formo lubrialo 54, 177 147 147 157 157 157 157 157 157 157 157 157 15
	Austrian Growth 1012 1018 2018 11 (1) (1008 1) (1) (1008 1) (1) (1008 1) (1) (1008 1) (1008	CCP Faster Braffbreatin UT Magt C1100F or	He	mes's Place, Leading SM72 (III.4815 9988)	Shari Guetti. 6 3 4 5 5 5 7 5 7 5 7 5 7 5 7 5 7 5 7 5 7 5	M (1200F	The state of the s	# Senior Lean
	Euro Calictal Ira 6 97.42 97.42 1842 10 91 1756 General 1 17 187 7 187 7 187 5 15 2 7 5 cm 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	COT Set law Tax \$5, 60.79 6.57 6.97 6.11 5 50 50 50 50 50 50 50 50 50 50 50 50 50			Off Incompt. 133.0 20 M M of 1.77 (77) Break of Control 125 (77) Break of Control	1014 2011 177 000 1 1 1 1 1 1 1 1 1 1 1 1 1 1	Januses Gotti 5 to Ball to 113 to 175 to 70 to 161279 #PD Gotto E. fre 5 to 15 to 5 to 6 7 7 70 5 506778 #Min Santir Mins 5 to 47,75 47 75 50 750, 506778 #Min Santir Mins 5 to 47,75 47 75 50 750, 40 - 0 #Min Santir Mins 5 to 47,75 47 75 50 750, 40 - 0 #Min Santir Mins 5 to 47,75 47 75 50 750, 40 - 0 #Min Santir Mins 5 to 47,75 47 75 50 750, 40 - 0 #Min Santir Mins 5 1 87,0 87 6 87 5310 89409 6 #Mins Mins Mins 5 1 87,0 87 6 87 5310 89409 6	Econo University 5, 255-41, 55-91, 59-97, 72(99) gener South Flow 9, 52 th 55, 31 th 30, 30, 310 th 30, 30, 30 Count United 9, 52 th 56, 28 th 30, 63, 30, 63, 00, 4700, thorse Bassetter 6, 11, 13, 27, 11, 42, 27, 42, 27, 44, 470, technology 1, 15, 13, 27, 11, 47, 12, 51, 27, 44, 47, 47, 47, 47, 47, 47, 47, 47, 4
	Emissi a sensor 1 477 5 47 5 30 16 14 16 16 17 17 17 17 17 17 17 17 17 17 17 17 17	CIRC Unit Tat Majorges etc (1200H) Control Cr. Control Co., 1211-121 (100) Dec. Control Control Line, Lds. 951 201, 10 234 (100) Dec. Control Cr. Control Co., 1111-1 1132 1134 (100) Dec. Control Control Co., 1111-131 1132	on Ltd (1900)* and C, Yould his, Systems 19th and gains 19090 Self for in the last self for	See the See that See	April Apri	5 471.3 4837 14 54 16991 7 14 77 14 7211 42 16995 14 17 14 7211 42 16995 14 17 14 1912 90 00 16997 1 16 13 14 15 16 10 00 16997 1 16 15 17 14 16 74 16 16 16 16 16 16 16 16 16 16 16 16 16	Principal Unit Trust Magerit Lbi (1.600)F Al Samb Peri, Sevensk Ken (11) 1.400 0722 740700 Principal Tet 34/92.54 93.83 99.620 504.000 Prolific Unit Tel Mages Lbd (1.200)H 222 Bidmyrum Lumin (2.2 Bidmyrum (2.2) Bidmyrum	Incom Design 9 173.37 74 13 34 46 50 000 000 000 000 000 000 000 000 000
11	1.00 1.00	CS Frand Managase Limited CL0001N 325 High Holmer, Carlo WCV-MV 61-245 1346 CE Control	THE PARTY OF THE P	25 54 11 % [[1 to 110 62] 0 22 4052 40 5 57 77 400 71 000 21 120 000 0050 1	A Lorente Sales, 7 (1), 12 (4), 20 (1) (2) (4) (4) (4) (4) (4) (4) (4) (4) (4) (4	12 14 15 17 18 18 18 18 18 18 18 18 18 18 18 18 18	From Goods & Ing	2 Bull New Street, CCA, 2005 Insula Cores Acc., 12-10, 10, 10, 10, 10, 10, 10, 10, 10, 10,
	multy (commit - 1, S2.14 S2.14 A44.2 P) (C) (C) (C) (C) (C) (C) (C) (C) (C) (C	Camera Carlos Ca	do y a Law Light Int Jacob Ligary (1200) 10 Sand Light Y a Law Caysouthe St. Canada 1200 10 Sand Light L	he Unit Tit Magant Life (0459)F	## Australia & Com. 10 125 79 135 79 134 48 55 1 79 1883 Private formation in the last of the last o		30 Univided Band, Landau W.I.2 (PE 01-749-9111 17 European Acc	in figure 2 - 18.72.7 19.11 50 52 52 50 60.189. outflish Ambanha Ut Trt Mayer Ltd (12.90)H 0.5 Viscous R., Glasper C. 25.80. outflish Ambanha Ut Trt Mayer Ltd (12.90)H 0.5 Viscous R., Glasper C. 25.90. outflish Ambanha Ut Trt Mayer Ltd (12.97.70) outflish Control (12.97.70) outflish Ambanha Ut Trt Mayer Control (12.97.70) outflish Ambanha Ut Trt Mayer Control (12.97.70) outflish Ambanha Ut Trt Mayer Ltd (12.97.70) outflish Ambanha U
e ;	Actuma Fund Managare Lbs (2000)F F0 has 281, Beckening, Rinn & BE-MD 106 Eastly leasure 1 24, 27 31, 36 10, 16 7, 20, 207, 17 106 Eastly feeth 1, 47, 77, 47, 51, 52 Lower 1, 106 Lbs (106 Lbs				1	100 mm m m m m m m m m m m m m m m m m m	Westernie Arr. 5114 & 114 & 112 510 04 01112 21 Westernie Inc. 5110 8 109 8 117 410 06 1115 1	Automatiscuse 2 (196 Jo 98.35 200 57/536 — centish Equitable Fd Mays List (2000)4 5% Androus 5g Editarys 186 5 (98.87 197) 61 Joseph 197 5 (196.87 197) 61 Joseph 197 5 (196.87 197) 61 Joseph 197 5 (196.87 197) 62 July 197 5 (196.87 197) 63 July 197 5 (196.87 197) 63 July 197 5 (197.87 197) 64 July 197 5 (197.87 197.
A Constitution of the	Remy Unit Tel Brayers List (1400)7 Acquis Unit Tel Brayers List (1400)7 4 Brayersdan M. Srigers List (1400)7 141 Gravett	Compatibility Trent Manus. Ltd (12000) Servine, S Reprints Manus. Restourned Cons. Servine Cons. Ser	der Fund Mannagers Lief (1.400)F Schoolst Vand, Street EC 1.00 The Street Vand, Street EC 1.00 The Stre		1776 178 177 188 178	A TO THE STATE OF	Emerging Sale Inc 5 104 5 104 3 111 90 00 4466 P	### ### ### ### ### ### ### ### ### ##
	Colomb Premiser Ave	To To To To To To To To		In State State State Careen	There does no two CCSR AND. Can Service Block CCSR AND. Can Service Block CCSR Det Davids CCCS 244366 Auer 4 Course 1 24427 244 28 28 28 41 27 28 28 28 28 28 28 28 28 28 28 28 28 28	THE MISSES LESS CLOSURE RECIDE AVE DE ANN 34345 May 1800 DISTID 10 . 0800 BISTID 14.14 16 1975 1814088	25-31 Meuryste, Landse, EC29 68A. 61-580 3963 in Più Equity Gia 5 133 h 133 fai 120 7 25-3 14367 ig PM Hazare & 63h - 5 93 09 93 694 99,834 6074120 i PM Hath Aver Eth 5 36 h6 58 h6 - 62 40 2 21 4117 il	with the rest Acc. — \$4, 100 37 100 75 22 00 52 24 20 22 12 12 12 12 12 12 12 12 12 12 12 12
1 1 1	Aftern Unit Trinds Life (1646)	James Canal Unit The Mark Lie (1786)	A CONTROL OF THE PROPERTY OF T		Control		PRO Communication - SIAS And SSIAG 57 AND REAL HOLDS IN Providentical Healthcare Brieft Tries Life (1.445)H In St. 447 Wheel Healt Health Cancer RC 2012, SSI. 470 85977 St Healthcare Law Line CHECK Children ST. 470 86987 ST Healthcare Children Children St. 470 86987 ST 14175 Minister Democratic Children Chil	www.hub.com/s 200.0 20.1 27 20 20.
L ES		11-15-0040 Annum Land Jan 19-4 19-4 19-4 19-4 19-4 19-4 19-5 19-5 19-5 19-5 19-5 19-5 19-5 19-5	The second secon		The second sec		Mothers (Lasting	A STATE OF THE STA
斯 提 提 E	The former and the first state of the first state o	Capital House, Failed Space, California Capital House, Capital Hou			Column C		Interest of the August 1993 of t	Cartish Provident Inv High List (1000)F St Aubres Sq. Edward EW2 27A. 033-558 2597 unity Growth Art. 0. 18 50 18 73 200-33 39-4119 unity Growth Art. 0. 18 50 45 55 25 25 39-4119 util Growth Art. 0. 24.18 55 55 25 25 39-4119 util Growth Art. 0. 24.18 55 55 25 25 39-4119 util Growth Art. 0. 24.18 18 55 55 25 39-4119 util Growth Art. 0. 24.18 18 55 32 25 39-4119 util Growth Art. 0. 24.18 18 55 32 25 39-4119 util Growth Art. 0. 24.18 18 55 32 25 39-4119 util Growth Art. 0. 24.18 18 55 32 25 39-4119 util Growth Art. 0. 24.18 18 55 32 25 39-4119 util Growth Art. 0. 24.18 18 55 32 25 39-4119 util Growth Art. 0. 24.18 18 55 32 25 39-4119 util Growth Art. 0. 24.18 18 25 39-419 util Growth Art. 0.
	Section Cons. 221 221 225 22	Since Court - 1 24 7 84 7 84 7 84 7 84 7 84 7 84 7 84 7		Coursel Fred Myrs Lat (2000)	Compare Comp	17. 6 m 700 17. 15. 1 m 700 17. 10. 1	Bettimer Hone, Tunnings Weits, Host 0002 \$1,0000 Frind Libs	more Lanton Age 10 fb 26 fb 27 cm 27 c
	Anny human	Allerton verticht . Sei 23. 79.18 79.18 50 classe Anne Darmone Periodit . Sei 23. 79.18 79.18 50 classe Anne Or norm A Section . 35.24 52.48 52.78 10.1 classe Section . 35.24 52.48 52.78 10.1 classe Section . 35.24 52.48 52.78 5		But True Manager Ltd Geotor	Section Color Co		M.M. Ruthuschild Fund Mount (2000) 5 10 Satisfar Lane, Lance EC4 Design 201 300 500 15 America (March - 6, 1974) 5239 523 512 51 11 11 11 11 11 11 11 11 11 11 11 11	reum Act
			12 10 10 10 10 10 10 10		See that the part of the part	AN AMADEM	South Comm D. 17-15 Page 43 001 1941 195 195 195 195 195 195 195 195 195 19	Barys (Albert E.) & Co (1130)? Broad Scree, Barnesson B3 ER (021-000,2244 Broad Peans — 14 (208 2 113 7 115 6 -4729) orith & Williamson Unit Tick biges (1000)? Ring Homes St., Lepton Wilds (1000)? & W Auminon — 5 (106.2 170 7 100 6) 2-5(47) & W Auminon — 1062/8 170 7 100 6) 2-5(47)
1/2 1/2		Criticary Limit Trans Minampier Let Classes F and Advise S wife in the Control of	Service 1007 1007 100 100 100 100 100 100 100 1		The series of th	The Marie Land Colombia		6 W For Equation - 104 2 100 0 111 0 0 000 111 0 1 0 0 0 0 1
	1	The second series of the secon			Company Security Company Compa			Annual Life Tet Hymet Led (26579H) Remark Life Life Tet Hymet Led (26579H) Remark Life Tet Hymet Led (26579H) Remark Life Life Life Life Life Life Life Life
	John State S	Sentence 14, Linker L. Lemma 177 (1974 of 1974	have Webben U.T. there Lid (1630)F three to the total Same, above \$1.11.A (2005)F three total Same, above \$1.11.A (2007)F three total Same, above \$1.77.C (2007)F three three total Same, above \$1.77.C (2007)F three total Same, above \$1.77.C (2007)		Section Section 1997	1983 1973 E-Mindelle Topin Line Classiff 1984 1123 World Classiff	Type Life Fd Magnet Lid (1900)N O less 34, Fgrange F12 OUE, Prince(1, 100)11 O The State 1 17, 40 T Av F7 (7 5 5 10) OUE The State 1 17, 40 T Av F7 (7 5 5 10) OUE The State 1 17, 40 T Av F7 (7 5 5 10) OUE The State 1 17, 40 T Av F7 (7 5 5 10) OUE The State 1 17, 40 T Av F7 (7 5 5 10) OUE The State 1 17, 40 T Av F7 (7 5 5 10) OUE The State 1 17, 40 T Av F7 (7 5 5 10) OUE The State 1 17, 40 T Av F7 (7 5 5 10) OUE The State 1 17, 40 T Av F7 (7 5 5 10) OUE The State 1 17, 40 T Av F7 (7 5 5 10) OUE The State 1 17, 40 T Av F7 (7 5 5 10) OUE The State 1 17, 40 T Av F7 (7 5 5 10) OUE The State 1 17, 40 T Av F7 (7 5 5 10) OUE The State 1 17, 40 T Av F7 (7 5 10) OUE The State 1	K Es Hilph Ive Iste 9 X3.34 X3.62 X7.65 S.22 (Colt) (Es Hilph Ive Iste 5 X.11 X as 40 X 37 A 5 27 A 5 X 2 (Colt) (Es Hilph Ive Iste 5 X 2 X 3 X 4 X 3 X 3 X 3 X 3 X 3 X 3 X 3 X 3
	1 King St, Manetonia Made Jabl (2012)	A Act of the Control	Trained			Mant Classes	prints in Course 16 and 1 and	r Earl Age
- 	B & C E Unit Treat Houset Ltd (1000H) House Royal, Courty PRID 2007 1012-10-10-10-10-10-10-10-10-10-10-10-10-10-	Builtyment bit 1272 2 3 4 2 30 7 30 8 30 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	100 100		The state of the s	DE SERVICION DE LA COMPANION DE LA CLASSIFICIA CLASSIFICIA DE LA CLASSIFICIA DEL CLASSIFICIA DE LA CLASSIFICIA DE LA CLASSIFICIA DE LA CLASSIFICIA DEL CLASSIFICIA DE LA CLASSIFICIA DE LA CLASSIFICIA DE LA CLASS		17.5 17.5
-		S. Helman's, I. Undarwinster, ECCP 30(Charling Q), 488, 9828 [6] Anner Land Gill 6 [7] A. 70 Jab. 77.38 2.285 [6] Anner Land Gill 6 [7] A. 70 Jab. 77.38 2.285 [7] Anner Land Gill 6 [7] A. 70 Jab. 77.38 2.285 [7] Anner Land Gill 6 [7] A. 70 Jab. 77.38 2.285 [8] Anner Land Gill 6 [7] A. 70 Jab. 77.38 2.285 [8] Anner Land Gill 6 [7] A. 70 Jab. 72.38 2.285 [8] Anner Land Gill 6 [7] A. 70 Jab. 72.38 2.285 [8] Anner Land Gill 6 [7] A. 70 Jab. 72.38 [8] Anner Land Gill 6 [7] A. 70 Jab. 72.38 [8] Anner Land Gill 6 [7] A. 70 Jab. 72.38 [8] Anner Land Gill 6 [7] A. 70 Jab. 72.38 [8] Anner Land Gill 6 [7] A. 70 Jab. 72.38 [8] Anner Land Gill 6 [7] A. 70 Jab. 72.38 [8] Anner Land Gill 6 [7] Anner Land Gill	12 12 13 13 13 13 13 13		And the Course and Trust House the Course and the C	0200M	at larger — 1, 47 of 7 of 1, 62 of 8 skilled in the first frame fr	seems tends prografty 2 7-22 lbs 9 lbs 7 lbs programs programs of
	Banks of Ergistent Fund Styre List (2280)F 3. Berry B. Lestin, CCAR 1889 10. 40 years 1	CD Primite Part	a China San 2021 S. 20	1347 1347 135 1557 000 1347 1347 135 1557 000 1344 234 231 131 000		196 9 211 2 90 61875 99 13 52 66 79 61887 9 196 7 54 20 2 64887 9 196 7 144 20 26 64887 9 196 8 77 9 10 22 64887 9 196 8 77 9 10 22 64887 9 196 8 77 9 10 22 64887 9 141 8 151 50 27 6382 9 141 8 151 50 27 6382 9	Printery Sec. CCAR 1977 13-430 PGS	milty \$ \$44, \$85, \$2.29 \u00e405 \u
•	Control Fines by	20 ACCOUNT A COUNTY A CASE OF THE PARTY AND A CASE OF		1572 177 HA 30 00 000	Market State Control of Control o	40 m 42 m 22 m 22 m 24 m 24 m 24 m 25 m 25	A Annual List	or Life of Causada Unit Miger Ltd (1000)) alongine, Ballegridge, Matt. 000 SSYZES orkest Section 4, 82 At 12.45, 25 OF 25 OF 25 Causant 4, 83 At 12.45, 25 OF 25 OF 25 Causant 4, 83 At 12.45, 25 OF 25 OF 25 Causant 4, 83 At 12.45, 25 OF 25 Causant 5, 83 At 12.45, 25 OF 25 orketelde Greune, 6, 83 AT 25 OF 25 OF 25 orketelde Greune, 6, 83 AT 25 OF 25 OF 25 orketelde Greune, 6, 83 AT 25 OF 25 OF 25 orketelde Greune, 6, 83 AT 25 OF 25 OF 25 orketelde Greune, 6, 83 AT 25 OF 25 O
	be Capital	O delimination 1 - 1 - 1 - 1 - 1 - 1 - 1 - 1 - 1 - 1				145 4 134 4 1000 km/s 32.34 34 77 72 27 km/s 35.66 32 66 12 77 km/s 27.84 27 935 87 km/s 39.05 32 31 10 87 km/s 10 34 91.07 10.01 km/s 157 14 146.37 00 km/s 157 14 146.37 00 km/s	Communication	mine & E. (ac.; 20140.6 40.44 Bentlew (1140.6 40.88) We fine-old Acc v. 34, 13.56; 3.56; 2.53; 3.5 Acc v. 33, 3.6 Acc v. 34, 3.6 Acc v.
,	Do General Aux 5 to 234.1 214.1 228 4 3.28 A033 to receive a second aux 5 to 23.28 A033 to receive 5 to 25.28 A033 to receive 5 to 25.27 50.40 23 40 00 6 65 60 23 to receive 5 to 25.27 52.27 52.5 5.6 60 23 to receive 5 to 25.2 52.6 52.7 52.5 5.6 60 23 to receive 5 to 25.2 52.7 52.7 51.0 60 23 to receive 5 to 25.2 52.7 52.7 51.0 60 23 to receive 5 to 25.2 52.7 52.7 51.0 60 23 to receive 5 to 25.2 52.5 10 3.3 60 25 to receive 5 to 25.2 52.6 10 3.3 60 25 to receive 5 to 25.2 52.6 10 3.3 60 25 to receive 5 to 25.2 52.6 10 3.3 60 25 to receive 5 to 25.2 52.6 10 3.3 60 25 to receive 5 to receive 5 to 75.2 52.6 10 3.3 60 25 to receive 5 to 75.2 52.6 10 3.3 60 25 to 75.2 52.5 1	Grand Full	Communication of the Communica	THE THE PARTY OF T	Medical Investments List CLISSIF 1 Wise fact of the CLISSIF 1 Wise fact of the CLISSIF 1 Wise fact of the CLISSIF 2 Wise fact of the CLISSIF 3 Wise fact of the CLISSIF 4 Wise fact of the CLISS	10 17 18 17 18 18 18 18 18 18 18 18 18 18 18 18 18	Towns of the second of the sec	" Integral Tar \$\int_{\text{-}}\$ \ \frac{1}{2}\$ \$\text{-}\$ \$\text
	DO Smith Cost No. 3 (1) 99 33 99 33 41,492 32 (40) 90 50 50 50 50 50 50 50 50 50 50 50 50 50	US Except 3 340.59 49.33 59.86 3.84000 61.34 61.84 61.84 61.85 61.35 61.85 61.	Tops: 8 December St., Landon Ección (V). 10 2779 Combin Cl. 458, 1903 College S St. 1971 177 188-1877 (4) 2-64 (1907) College S St. 1971 177 188-1877 (4) 2-64 (1907) College S St. 1971 177 188-1877 (4) 2-64 (1907) College S St. 1971 177 188-1871 (4) 2-64 (1907) College S St. 1971 177 187 187 187 187 187 187 187 187 1	10 THE PARTY OF TH	3) May symbol 5. 124.5 187.7 (4), 18.00 187.8 187.7 (2), 18.00 187.8 187.7 (2), 18.00 187.8 187.7 (2), 18.00 187.8 187.7 (2), 18.00 187.8 187.7 (2), 18.00 187.8 187.7 (2), 18.00 187.8 187.7 (2), 18.00 187.8 187.7 (2), 18.00 187.8 187.7 (2), 18.00 187.8 187.7 (2), 18.00 187.8 187.7 (2), 18.00 187.8 1	13 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1		police de Orbine 54,159 13 59 13 43,244a 5944; egi ribes Life Porn Tiet Ham Ca Lied (1000)M mire 5 Randrigh Florat, fination, Brustmond, Emer mortes (2071 2071)00 mire 5007 127 1300 mire 5007 127 1300 mire 5007 1300 1400 1400 1400 1400 1400 mire 500 1400 1400 1400 1400 1400 1400 1400 mire 500 1400 1400 1400 1400 1400 1400 1400
	The state of the s	Control Tears 2 - 0 (40.1) 40.1 40.1 40.0 40.0 40.0 40.0 40.0 40.0	### 172.10 43.3.00.0041 ## 10.00.00031 ### 179.00 ### 1		Terrent Linita 2012 2013 2013 2013 2014	(1200) (1200) (1200) (1200)	um Sanit Drig 55 47.67 47.69 50 94 - 10000 100000 100000 10000 100000 100000 100000 100000 100000 100000	Bern Freich and J. 55 Bitt. Sei 109 July 100 Jul
	present Smith Cit 5 197.1 193.4 205.1 0.344125 Letter 1 16.7 46.25 47.5 1.344125 Letter 1 16.7 76.25 1.344125 Letter 1 16.7 76.25 1.344125 Letter 1 16.7 76.2 1.344125 Letter 1 16.7 1.347 1.746 0.04125 Particip 2 16.3 16.3 150.7 2.7 40125 Particip 2 16.3 16.3 150.7 2.7 2.7 40125 Particip 2 16.3 16.3 16.3 16.3 16.3 16.3 16.3 16.3	Property Street	proof Final Managers (1200)	5 9.5 9.5 15 15 17 17 18 15 17 17 17 18 15 17 17 17 18 15 17 17 17 17 17 17 17 17 17 17 17 17 17	Sign	65 22 181 62 53 6005 8	11 11 12 13 13 13 13 13	Accom. 6 [84] 55 [87] 50 (75) 0.25 [4] 64 [6] 6
	Mari Hangary 6 7 - 179.05 91 35291 1 35291 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	Coven House, Whiting GLC3 13/W 0493 71,5003 bit American 1,75 71 10,7 3 77 50,7 3 75 75 75 75 75 75 75 75 75 75 75 75 75			Action (India) 32 (2014) 483.1 477 (10 18 18 18 18 18 18 18 18 18 18 18 18 18	57 17 72 73 11 40 11 11 11 11 11 11 11 11 11 11 11 11 11	Mart Not 54 107 4 101 6 111 7 10 13 111 12 122 12 123 12 124 12 12	Access
	Dictionage the Prospects for March Co. (1200)F- US 1.1mm Fisch, price SWA 18W (1475)F11. US 1.1mm Fisch, price SWA 18W (1475)F11. Proposed for \$120,91 30.51, 21.66-128 (MM) Proposed for \$120,91 20.51, 21.66-128 (MM) Proposed for \$121,97 21.57 22.77 3.54-46120 price acceptance for \$127,92 27.78 27.35-54-46120 price acceptance for \$125,92 27.78 27.35-54-46120 for 6.7 price for \$125,92 27.78 27.35-54-46120 for 6.7 price for \$125,92 27.78 27.35-54-46120 Dan 6.7 price for \$125,92 27.17 30.79-72 50-46120	Appendix County A 1782.7 78.7 13.5 (R. 10044034) and finger lat Equity A 1782.7 78.7 13.5 (R. 10044034) and finger lat Equity A 1782.7 78.7 13.5 (R. 10044034) and finger later late	Account to the control of the contro	Har 55 131.2 132.2 139.6 65 131.0 130.		46.96 \$271 03/03/54 98 32 32 34 45 180 34 180 34 13 3440 180 34 180 34 13 3440 180 34 180 34 13 3440 180 34 180 34 13 3440 180 34 180 34 13 3440 180 34 180 34 13 3440 180 34 180 34 13 3440 180 34 180 34 13 3440 180 34 180 34 13 3440 180 34 180 34 13 3440 180 34 180 34 13 3440 180 34 180 34 13 3440 180 34 180 34 13 3440 180 34 180 34 13 34 1	herings Corporation Cap Plans Lis Cl.18808 Emerid Cart, Optopion, Knet Sila OJA De Califord Private Clients: 0000 456 678 De Califord Private Clients: 0000 456 678 De Califord Pilot Pilot De Califord Pilot Pilo	Accom 6 (27) CD-52 88.0750.88 (accom) SIGMA Opps — 6 (90 13 80 022-49) 5.0 (26) (40 08) Accom — 6 (90 44 100 60-110) UTD C2 (400) HORSON — 6 (40 14 45 97 7) 32-33 1-609 Accom — 6 (40 19 45 97 7) 32-33 1-609 Accom — 6 (40 19 45 97 7) 70 (20 16 60) Accom — 6 (40 19 45 97 7) 54 32-34 (40 16 60) Accom — 6 (40 19 45 97 37 54 32-34 44 40 60) Accom — 6 (40 15 47 31 54 32-34 44 40 60) Accom — 6 (40 26 47 31 44 31 44 40 60) Accom — 6 (40 26 47 31 44 44 44 44 44 44 44 44 44 44 44 44 44
	maria Su Inc. 5 106 4 218 Au 230 5 5,200 Au 25 Maria Sin Arc. 5 220 3 223 3 22 0 42 20 427 Maria Sin Arc. 5 220 3 22 3 22 0 42 20 427 Maria Sin Arc. 5 220 3 22 10 4 4 9 5 47 47 Maria Sin Arc. 5 10 2 10 4 4 9 5 47 47 Maria Delphini Unit Tel Mars Lin (1995) 1 General S. Lundas ECLA 90 6 1 2 17 8 2 15 40 77 Maria Carlai 5 1 15 2 16 7 2 17 8 2 15 10 77 Maria Carlai 5 1 15 2 16 7 2 17 8 2 15 10 77	Discretionary Unit-Fund Manges (1,900)H—With CO Creip Middlein, 46 Wilson S., Et 2. 97-377 6810 Fine in Hery 4 5 (43.1 147.4 131.1 in 7 1487.4 De Assembleria 9 1274.4 278.4 281.0 fc. reliable Bristotomi Fund Mangel L. (1,400)F Commissional Mangel Mangel Mangel Mangel Mangel M	THE THE PLAN THE PLAN THE PARTY OF THE PARTY	1 12 9 9 07 - 90 0 07 - 90 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	GUIDE TO UNIT TRUST PRICING There are continued and administration and other contraditions in an in said to share are continued to the first when the animals from the contradition of the first contradition only in the contradition of the contradi	Park Control of Contro	THE CARE & PROSTRE 6 59 36 61 00 64 89 0 66 0700 Aug THE CARE & PROSTRE 6 42 30 42 97 46 73 0 00 6723 East THE CARE F 6 47 65 48 31 51 39 0 33 0705 East THE CARE F 6 47 65 48 31 51 39 0 33 0705 East	ert its, Gircherer Mi, Aylentery, Studie. The CVSA, PROSECTION Of Dumber CV 1-379 CHARL THE CVSA, PROSECTION OF THE CVS 1-379 CHARL THE CVSA, PROSECTION OF THE CVS 1-379 CHARL THE CVSA AND THE CVS 1-379 CHARL THE C
	proof in Cartes 24, 2314 2014 21c of 5350079 person in Cartes 24, 41.5 2014 2016 21c of 5350079 person Subjectory & Ca Ltd (1000)F 1-17 Personal in Hypersy Ath Debt 1120-27/AMS 110-17 Person Subjectory & Ca Ltd (1000)F 120-27/AMS 110-17 Personal in Hypersy Ath Debt 120-27/AMS 120-27/AMS 110-17 Personal in Hypersy Ath Debt 120-27/AMS 110-17 Personal in	Other Case Fig. No. 1 - 5 (42,00° 42,000 45,15) a 2440231. Now, All All All All Case Fig. No. 1 - 5 (72,00° 42,000 45,15) a 2440231. Now, All Case Fig. 1 - 5 (72,00° 42,0	SM One — 54 等77 等77 10 MERON COME Promy ton Frank — 54 等78 778 10 MERON COME PO Frank — 54 等3 MEM MESS ALIGNE Lawrence	Duit Tet Magnet Lips (1996S)F on Capital for CC27 TEL 01-261,380 mm 199614 507 25 25 21 21 22 22 22 22 22 22 22 22 22 22 22	In president and the design of the state of	And the second s		A Con Acc. 5 17 18 17 19 17 18 18 10 10 11 10 10
n	1	Inc. Cuts Nov 6 54, 12 30 30 30 34 44 2 00 10006 Minus Newton Gris Nov 6 3 33 42 33 42 34 42 1 10 10007 Lawy	THE BAN O 119.0 121.0 121.05.74 4276	art Variety SCI. art Variety	controlled. Its later is device that the paragram will deal on a bidgets or the tests. Pile separate the later is device that it was all dealings. The prices also not up to tests. Considerate in the time of dealings. The prices also not up to tests. Considerate in the prices are provided to the considerate or a major provided to the considerate or a major prices. The later if devices that prices are not on a forward bank up that, because on the prices are not of the prices are not of the prices are not of the prices. Appearing to the consideration of the prices are not of the prices are not of the prices. The prices are not of the prices are not not only that the prices are not of the prices are not of the prices. The prices represent are not become provided one in a delegant from of deeply from the prices are not only the prices.			replicion Unit Trust Managers Ltd (1200)F old Criscos, Edisbury E738M 1037 228 9992 old Criscos, Edisbury E738M 1037 228 9992 old Criscos, Edisbury E738M 1037 228 9992 old Granth Inc. 16124 1182 2184 44 12 6444 old Granth Inc. 16124 1182 2184 44 12 6444 old Granth Inc. 16124 1182 2184 44 12 6444 old Galacos Inc. 16124 1185 2185 2184 12 6444 old Galacos Inc. 16125 1185 57 92 57 12 6449 old Galacos Inc. 16125 1185 97 92 57 14 6449 old Galacos Inc. 16125 1185 117 117 30 27 76 1499 old Galacos Inc. 16125 1187 117 117 30 27 76 1499 old Galacos Inc. 16125 1187 1187 1187 1187 1187 1187 1187 118
,	1986 1986	Edite Colored 5 - 1 1121 1221 1221 122 122 122 122 122	Marrie V 9 (12.6 19.6 19.6) [17.627] Marrie V 9 (12.6 19.6 19.6 19.6 19.6 19.6 19.6 19.6 19		united death were derived tell principle; SCHOOL FRANTISCHASS AND INCREDITS Die name, record report, and achieve provincing can be obligated from of charge from their explanations states contained in time columns of the PT that Trans. Information than explanations states contained in time columns of the PT that Trans. Information	had wanger. I de	The Section 1 - 54 - 54 - 54 - 54 - 54 - 54 - 54 -	Transiti Unit Transi Atamagan S. Lei (12,20); R. John's St. Lands ECH 444 01-251.67; R. John's St. Lands ECH 444 01-251.67; R. John's St. Lands ECH 454 9347 83.00; John's John's R. John'

. ...*

1.3780

·ld

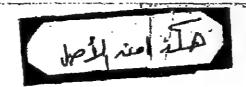
. . . .

___24

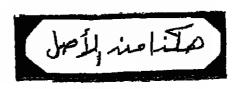
FT UNIT TRUST INFORMATION SERVICE

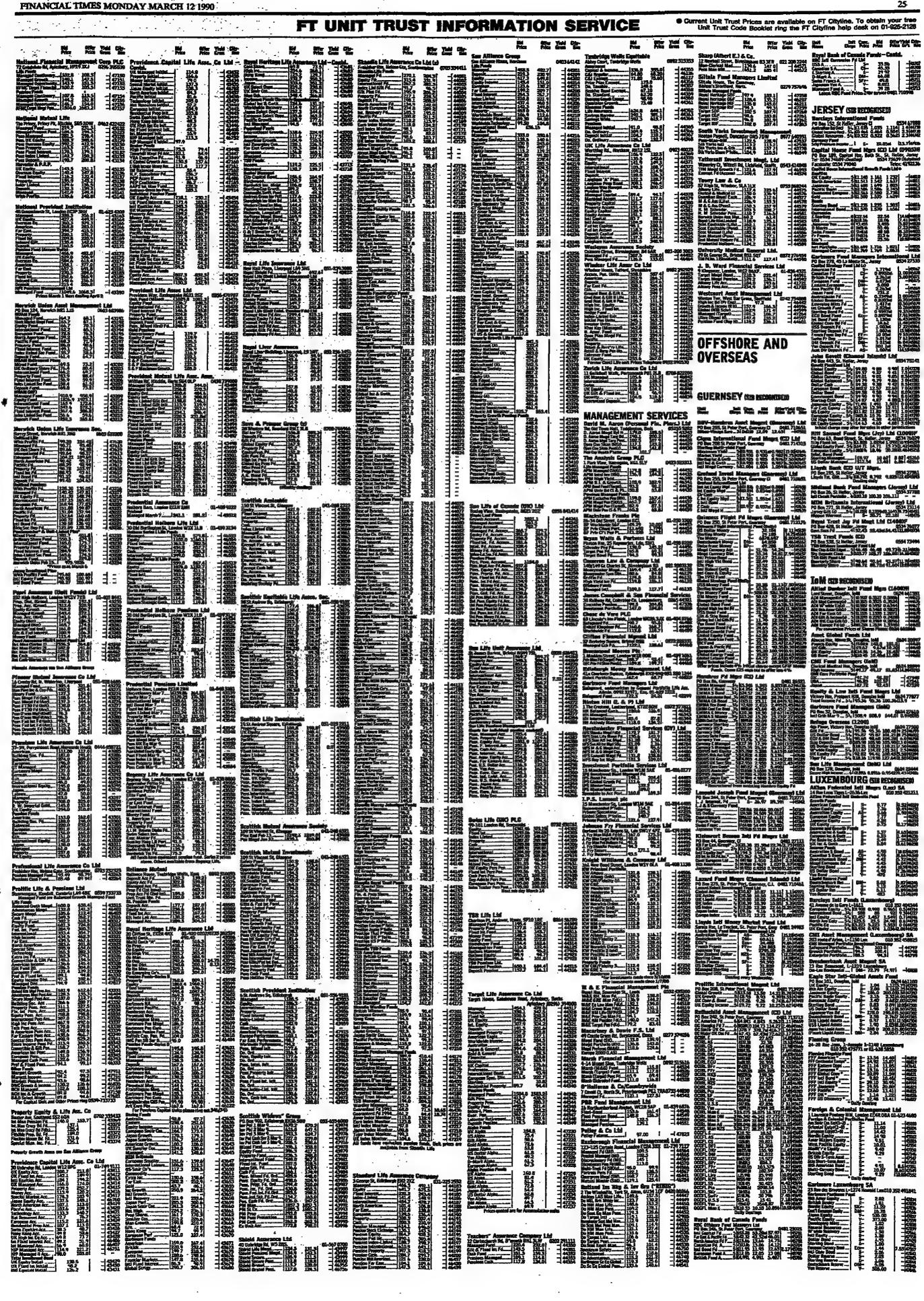
● Current Unit Trust Prices are available on FT Cityline. To obtain your free Unit Trust Code Booklet ring the FT Cityline help deak on 01-925-2128

Thursday Helt Message And Clocks	We offer Yade Chronic No. No. No. No. Chronic No. Chronic No. Chronic No. Chronic Magnetical Investor			Tight City- Ing Store Rise Commission Life pits - Countil.	gay graw Yide Chy. Min Arica Street San Merchant Levesters Assurance Co Ltd -
For Earliery Opps 50.30 30 138.66 147.69 to 00141909	Control Cont	272.29856 Per I Aresta (J	IAP - COST GRE Linked Life Assurance Life	Learnert Life pite — Courtel. de	Costed. 399 9 4706 April 18 Famil 467 3 4797 April 18 Famil 47 Famil 47 50 4 4797 April 18 Famil 47 Famil 47 50 4 4797 April 18 Famil 47 Famil 47 50 4 4797 April 18 Famil 47 Famil 47 50 4 4797 April 18 Famil 47 Famil 47 50 4 4797 April 18 Famil 47 Famil 47 50 4 4797 April 18 Famil 47 Famil 47 50 4 4797 April 18 Famil 47 Famil 47 50 4 4797 April 18 Famil 47 50 4 4 4 4 4 4 4 4 4 4 4 4 4 4 4 4 4 4
Coccas United 5129/19 193.5 164.04 (6) 00 closed Coccas United Coccas	100 Access	1907 - 41999 Per 15 Anna LM can Bellevela U	134 1 100 Accord 1371 1 100 100 100 100 100 100 100 100 100	A	Del Del Familia 1979 197
Ortantal Inches 5 34.72 34.77 57.00 5 05 05 05 05 05 05 05 05 05 05 05 05	## Accom	19 New Rt. Chiphran SRC 1995 Family A Manages 505.79 St. Family A Manages 505.79 St. Family A Manages 533.29 St. Family A Manages 533.29 St. Family B Manages 533.29 St. Family C Src 525.77 3 252.11 - 4 2006 Family C Src 525.77 3 437.49 - 4 2006 Family C Brit Src. 2 52.90 3 252.12 Family C Brit Src 522.90 32 252.13 Family C Brit Src 522.90 32	7.13	1	and the Bridge Browning
	The first account	184.5 42001 19.10 42002 Family Austrance Suciety 277.6 42803 19.10	7.35 (273 7945) Presery initial	100 100	## Carrency F und
Teache Resultant Unit 13t Shapt Ltd (16001)* Microsoft No. 2 Publish Out. ECAN AT (01-28) 1250 Abbusy Life Assuremace Co Ltd (1800)* Author (1800)* Resultant Cont. 12 Noon Historic (1800)* Resultant Cont. 13 Noon Historic (1800)* Resu	For prices of leiklar trainsplant 65-534 5544. Cark	P.11 - 42002 Friends Provident 45013 Carlo Sevel, Salting, Wite, SPI, 1 184, 197 - 42314 (Air Funt. 464, 75 - 42314 (Air Funt.	Para Day John 220.2 347 Para Day Acc		### Fig.
Title Set Spins	Region Life Age. Co Lbd Shirt Feet Insure 120.4 Shirt Feet Insur	136, 40 - 42848 Ourses Links 214.6 Burth Appricate 112.1	CFZ 13402 White of the Impuriance Group	## 40 4 2 3 4 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5	Figure Courth 1977 4590 1978 1979 197
Tr Secretarion 5, 16, 163, 56 50, 57 7, 20	### ### ### ### ### ### ### ### ### ##		20.6 - 42274 LANIAS Dants For	2 - 474/2	## Fram Extra Ind 68 4 69-722 ## Fram Smith Cos 68 8 69-722 ## Fram Smith Cos 141.6 ## Fram Smith Cos 181.1 ## Fr
Cathler Roma, Tower Road, Washington NEST 25N Bakinged Percitate, of 90, 32 97, 509 97,778.00 - 97,77	and the fourth Fil	114.05	ACCOUNT ADMINISTRATIVE ACCOUNT ACCOUNT ADMINISTRATIVE ACCOUNT ADMINISTRATIVE ACCOUNT ACC	A CAMO E. Bide, Ser. Links. 11h. 7 141 9 7 275 5 275 1 141 9 7 275 5 275 1 141 9 7 275 5 275 1 141 9 7 275 5 275 1 141 9 7 275 5 275 1 141 9 7 275 1 141 9 7 275 1 141 9 7 275 1 141 9 7 275 1 141 9 7 275 1 141 9 7 275 1 141 9 7 275 1 141 9 1 141 1 141 1 141 1 1 1 1 1 1 1	All Car Europaas
Treates: United Unit: Test Managers (1200a) ILA Town, Additionate Read, Conform (1-686-5325) TUIT Town, Additionate Read, Conform (1-686-5325) TUIT Town, Additionate Read, Conform (1-686-5325) Trifteen Fel Managers, List. (1,000) Managers (1	party Fee Fel. 127.45 125.59 4516 Commercial Union Grants Fee Fel. 16.67 125.13 46167 Commercial Union Grants Fee Fel. 15.03 125.09 46169 St. Helevi's, 1 Understaft, London St. Fee Fel. 15.03 125.09 46169 Ver Jan 187 16.	ort grant time	1400 1400 1500	7) - Geold Station Int, New Burnet, 19,40 CL-65 - 62777. 7) - Geold Station Int, New Burnet, 19,40 CL-65 - 62777. 7) - Geold Station Int, New Burnet, 19,40 CL-65 - 62777. 7) - Geold Station Int, New Burnet, 19,40 CL-65 - 62774.	idi Ear High Iscores MSI 7 White Committee Miles 194 5 Mil Gar In Fland Int. 194 5 Mil Gar Frencher Miles 134.7 Mil Gar Frencher Miles 134.7 Mil Gar Gressmorthy Sh. 115.4 Mil Gar Gressmorthy Sh. 115.4 Mil Gar Iscores 115.4 Mil Gar Honny Iscore 117.7 Mil Gar Honny Iscore 117.7 Mil Gar Honny Iscore 117.7 Mil Gar John 117.7 Mil Gar Joh
25 Buckleichers, Loudes 20241 (2020 373574 Accepts Life Antiquentum Life A	Service Control 22-40 28-40 - 422-50 UK Earthy 23-23	120 120	Prince P	April	All Gar Pan fre Geth Sail 1 49739 181 He Cap Growth 110 J 47991 17992 181 He Cap Growth 111 J 47992 17992 17992 17992 17992 17992 17993
Assistat Valvite 34 32.2 42.22 45.0911229 The Gardy, Episons, Serry W27 SAT 1994 573.333 9 1908 5 190	ACRESTITUTE CONTROL W12800 (I) 740 7670 Function Control Contr	380.2 - 43835 67 Pine File East Fed. 338.4 - 122.6 17 Pine File East Fed. 338.4 - 122.6 17 Pine File East Fed. 338.4 - 120.6 17 Pine File East Fed. 328.6 17 Pine File East Fed. 328.7 122.5 - 420.6 17 Pine File East Fed. 328.7 122.5 - 420.6 17 Pine File East Fed. 328.7 122.5 - 420.6 17 Pine File East Fed. 328.7 122.6 122.6 122.6 122.6 17 Pine File East Fed. 328.7 122.6	\$4.0 2228 12	Cl. 466 4 193 Prince Pri	Us He's EXTUR INCOME. 10 He's Smill Co Ort
Frient Ster Co	Percent 234.6 267.5 -41854 0) T For East (do Pet. 190.9	191.9 -42651 Naturapid 120.6		A CSLI Deports 2279 22 - 2518 Mixed 250 455 - 42791 23 - 2519 mixed Stock 1453 - 42791 24 - 2521 immedians 1 1453 - 42791 25 - 2522 Engly (A) 1453 - 42794 26 - 2522 Engly (A) 1418 - 42794	### Hear Ann Recovery 224.5 47.109 ### Hear Anne Sons Sens Sens 49.9 ### Hear Anne Sons Sens Sens 49.9 ### Hear Anne Boars 120.0 47.112 #### Hear Branch Sons Cam 133.0 ### Hear Branch Sons Cam 133.0 #### Hear Branch Sons Cam 133.0 #### Hear Branch Sons Cam 133.0 ##### Hear Branch Son Cam 133.0 ####################################
Williams Guille 15t Mages Litt (2000/16t 15t June 15t Jun	For Part Cost 374.9 994.84 - 41843 inter Lie City 174.84 1754.	172.5 122.	2500 2500		10
Section Street	The mile of the control of the contr	100 100	1	23.0 Posed let (F)	## Hep Prime Res Press 40 6 6 47921. ### XRes Best Extra Nat 109 5 47125. ### XRes Best Extra Nat 109 5 6 47125. ### XRes Best Extra Nat 109 5 6 47125. ### XRes Best Extra Nat 109 5 6 47125.
Western South Management (1338) F Index (inter Final 138.30 145.58 - 43469 Index	April Apri	10 10 10 10 10 10 10 10	200 - 4450 Darmont of A	Industrial Sect to 110 112 124 125 125 125 125 125 125 125 125 125 125	## Uses Ben An Suide Co
1 Richmond Hill. Bearpenouth Birl 54W U272 2019 Where SN Gwith - 44 1309-3 109-3 113.8 Black 1019 Whittingstale Umit Tist Rigard Lind 2 tear; Lane, Landon FLZY 98T	re Companion 1927 3 56.1 45.74 Prime for other families of companion 1921 18.1 45.74 Prime for other f	Particle of Art 222 223 224	0.0	Compare Peter Compare Compar	### High Ber Matter Fig
Coulty Country of the	### 100 10		1 1 1 1 1 1 1 1 1 1	### 42539 Partie P. 477. 7 42800 ### 42530 Partie P. 477. 7 42803 ### 42531 Partie P. 42832 42833 ### 42532 Partie P. 42832 42833 ### 42532 Partie P. 42832 42833 42833 ### 42532 42833 Partie P. 42833 42833 42833 ### 42532 Partie P. 42833 42833 42833 ### 42533 Partie P. 4283	All Per Far Cast (db
Ann. Friest Works	225.7 226.3 126.6 126.	American Figure 1997 1997 1997 1997 1997 1997 1997 199	Color Colo	0 05557 better first Forth. 12.5 20.5 - 4.520 0 0 05557 better first Forth. 15.5 - 4.520 0 0 0555 better first Forth. 15.5 - 4.520 0 0 0555 better first Forth. 15.5 - 4.520 0 0 0555 better first Forth. 15.5 - 4.520 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	M 150 American (Spirit Spirit
1) Biomfeld 9, London ECEN 747 0(1-985 0542) and Ground 5, Stolk 24 1052 0411-95 3 54450 bit Ground 5, Stolk 24 1052 0412-95 54450 bit Ground 5, Stolk 24 1052 0412-95 54450 bit Broome 5, Stolk 24 1052 047 544501 b				- COT Amer Band Market 273 6 201 4 2010 1 2010	Section 12.3 12.5
Wondowner Pt, Fower Drive, Frenchest Florida 1984-6122250 Small Assessment 2004-07-220-07-1-1-1-1-1-1-1-1-1-1-1-1-1-1-1-1-1-1	Trans. T	10 10 10 10 10 10 10 10	COST Co	C2579 Cutted (the Bant (thet) 494.5 104.7 105.7 10	The state of the s
Ballife Cifford & Co Ltd State S	204 204 204 204 204 204 204 204 204 204	177.6 a.6 cm20 for frequent 157.3 (177.3 for takens Fifein 177.3 for takens Fifein 177.3 (177.3 for takens Fifein 177.3 for takens Fifein 1	Commonwealth Comm	September Sept	Nemick Experimental Rg. Engineers Experimental Rg Engineers Experimental Rg Engineers Experimental Rg
The Conference of the Conferen	Constitution	William Committee Committe	Pusies in suppl. 1977 118. Additional and the supple of t	Graph Grap	#EL Britannia Asses Co Ltd Mitos Comt, Cerling, Serryy apital Group
1.00 4.00 4.778 4.00 4.778 4.00 4.778 4.00 4.778 4	18.0 19.1 18.0	253.1 - COLO Andromationi GENERALI 9 107 Feebrus S. Lesian ESSA 9 10 Feebrus S. Lesian ESSA 10 10 Feebrus	Clother Fish int Stor 3. 120.9 227.2 A Clother Fish int Stor 3. 120.9 227.3 Clother Fish int Stor 3. 120.9 227.3 Clother Fish int Stor 3. 120.0 227.3 Clother Hungs for 4. 197.4 120.4 Clother Hungs for 4. 197.4 120.4 Clother Benefit Stor 4. 197.4 120.4 Clother Fish int Stor 4. 197.4 120.4 120.4 Clother Fish int Stor 4. 197.4 120.4 Clother Fish	SEZ GENT SEZ	
Appendix 197	Series 2	22.0 States at 1 for pa. 15.0 1.0 1.0 1.0 1.0 1.0 1.0 1.0 1.0 1.0 1	1	- Cacifo Will Survive Clock Inc. 2003 2044.2 4289 4289 4289 4289 4289 4289 4289 428	Figd Giff Edged Fig
An Exempt May 6	100 100	1353 - 1550 1353 - Level Gradow Volt Assurance Lie	Westernal Property (8L.7 93.) Universal Property (8L.7 93.) Universal Property (8L.7 93.) Universal Property (8L.7 93.) Season Property (8L.7 93.) GRAPH 775000 GRAPH 7	### Company Act 1964 1974 1975	General Rep (1987) (1988) (199
Freezi Intol Dart Mar S. 1202.22 100.00 2.001 44607 Allice Desirer Cr. Scheme Stri 120. 6993 51.6574 Ling Freezings & Colombia Pures Biogs 1.50 Example Puris. Angle Pripors Bar. 9. 1201.5 221.1 6. 0.01 40617 Period Rev. 100.00	Street Hill, Looker ESLESSE 61-479-4405 Separate 122-4 Street Hill, Looker ESLESSE 61-479-4405 Separate 122-470-470-470-470-470-470-470-470-470-470	10.5 10.5	1.00 Sept.	- 42547 Pent Epsity Acc. 285.0 300.0 - 42699 P 42647 Pent State, Site, Rev. 233.0 86.2 - 42900 P 42647 Pent State, Site, Rev. 233.0 86.2 - 42900 P 42677 Pent State, Site, Rev. 233.0 86.2 - 42901 P 42677 Pent Pent Estate Acc. 202.3 301.5 - 42902 P 42677 Pent Pent Estate Acc. 202.3 301.5 - 42902 P 42677 Pent Pent Pent Pent Pent Pent Pent Pent	115.0 121.1 - 2305
Funds in Court® 482.0 484.2 2.11 40305 American Equity for 284.5 34.2 41.72 Funds Court® 19.2 19.4 19.4 19.4 19.4 19.5 American Equity for 28.4 19.5 19.4 19.5 19.5 19.5 19.5 19.5 19.5 19.5 19.5	Funds	1975 1942 27 311 1975	10 10 10 10 10 10 10 10	(33225 9494 Pens test Egistry Acc	IEL Pensions Ltd Ilton Court, Derking, Servey wittdesies 7 miles III Brit Moud Phalle 103 6 109.1 43951 A Scrom 120 6 120.6 43053 and To High Phalle 11.7 6 0.0 43053 and To High Phalle 11.7 6 0.0 43053 A Account 101.7 6 100.7 43053
Property Feb 1	Section 1 1997 1994 1997 1997 1997 1997 1997 19		10 10 10 10 10 10 10 10	-	### A CASES 111 6 11 3 4 4 4 4 4 4 4 4 4
Ambrelian Files 7. \$145.1 168.0 3.0 40777 Pen. Far Earl Acc. \$10.3 285.7 48760 Pennion Hidings Feb 11. \$158.1.0 196.2 0.9 40767 Pen. Euro Cap. \$134.4 35.3 40.799 Pennion Hidings Feb 12. \$159.1 170.4 40766 Pen. Euro Cap. \$134.4 40.5 40.5 40.5 40.5 40.5 40.5 40.5 4	Numeric Feet 524.5 542.7 41079 10 10	THE CONTROL OF THE CO	1.0 GORD STATE 100 S	Color Print Arc Deposit 14475 174 0 - 43000	A Account 1821 - 1820 -
Property Feb 28	and Minoral Fel. 2011. 22.12 - 41.000 mm below the plant Fel. 100.0 507.2 - 41.000 mm below the plant Fel. 100.0 507.2 - 41.000 mm below the plant 100.0 1607.4 - 41.000 mm below the plant 100.0 1607.4 - 41.000 mm below the plant 100.0 100.0 100.0 mm below the plant 100.0 100.0 100.0 mm below the plant 100.0 1	1941 2010 Graties Francisco Graties Francisco Graties Francisco Graties Grat	Le decad Environment 120.5 207. 2.1 decad Living One Tourishee Paper 1.5 207. 2.2 decad Living One Tourishee Paper 1.5 207. 2.3 decad Living One Tourishee Paper 1.4 207. 2.4 decad Living One Tourish 1.5 56. 134.7 207. 2.4 decad Living Particles 1.5 56. 134.7 207. 2.4 decad Living Particles 1.5 56. 134.7 207.	### 100 10	and Life Austractic Led Interprise (Ingel, Purisones) 1282.7 0795 827733 1282.7 43083 127813 1282.7 43083 127813 1282.7 43083 1282.7
Second Funds 1256.0 1335.0 -46064 Proc Carel Funds 20.3 29.8 -46104 Sapath 1256.0 1335.0 -46064 Proc Carel Funds 20.3 29.8 -46104 Sapath 1256.0 1335.0 -46106 Sapath 1256.0 1335.0 -46106 Sapath 1256.0 1356 Sapat	12.0 128.5 4700 4740 5740	1974 1974	Ligary Line until Life, pic ligary li	CFORD Manuscript S. CFORD CFOR	r Eaters Greeth. 220, 9 24, 0 4 20, 1
Front interest 1 March 2 94,93 97,25 8-91 444920 19.5 Yand 20 Her 6 197.4 142.5 0 00 64927 Hanged Alar 6 192.9 108.2 0 00 64927 Hanged Alar 6 192.9 108.2 0 00 64927 Hanged Alar 6 192.9 108.2 0 00 64927 Hanged Mar 6 193.0 36,64 0 00 64927 Hanged March	Control 198.0 142.3 41.999 Revis Austrian 192.5	Cowills & Sac. Life Augus. 1 771.0 Georgia & Sac. Life Augus. 1 771.0 Georgia Gran M. Haymani Nih. V. Sac. 771.0 Georgia Georgia Georgia Georgia 771.0 Georgia Georgia Georgia 771.0 Georgia Georgia Georgia 771.0 Georgia	Hours Set 7 Act 2000 Std 7 Act 2000	- Cold Product Prices	Meerical Property 104 5 10 0 d7097
Highert Details Highert De	Feed 151.9 191.9 4194.6 74 of the 151.5 191.	19	Active Growth 115.1 122.1 124.1 125.	Color St. Accord. Color	E Americai. 3017 MSA 4 Miller S Activities 1 Miller S Activities 418 6 Miller S COM Varguard 2009 5 220.5 433.07 at 200 a
UK Earl Es Har 7	Finel Instruct. 1943 1945	100.2 12222 chains with Ph. Briss 127.4 127.2 127	100 100	- 250 - 250	of Pland Interest. 318.1 SSA.8 43101 Sincing Acc. 27.7 22.0 31101 Sincing Acc. 27.7 22.0 31101 Sincing Acc. 77.2 20.0 41101 Sincing Acc. 77.2 20.0 4110 Sincing Acc. 77.2
West & Riche Res . 866.2 878.7 1.65 47887 NVCA Managed 20 100.3 100.3 100.5 10	es on Formary 29 Unit dealing on Westerland 1 2015 2127 41978 UK Fortists 5115.6 2017 2012 41979 Higher Income 588 1	121.0 127.	1070 Serve Collai 2711 224 A 1070 Serve Collai 2711 224 A 1070 Serve Collai 2711 2711 A 1070 Serve Collai 2711 2711 A 1070 Serve Collai 2711 2711 A 1070 Serve Collai 2711	42512 Marchant Investors Assertance Co Ltd 25242 A2545 Part of the MI Group Part of the MI Property Fam. 102.3	m simplifier Cos. 136.0 (19.0) - 46.17 is Spec Sits. 139.4 (19.0) - 46.17 is Tolkyo. 1713 9 791.4 (19.0) - 41.120 is Universal Magain, 119.9 791.4 (19.0) - 41.120 is Universal Magain, 119.9 126.1 (19.0) - 41.121 is US Schiff Cos. 130.1 136.9 (19.0) - 44.125 Prices: Ufe Series 4 Acc; Pumine Series, ÇAC: Mar 9
Jagan Hales Hale 2 778-5 790.7 1.3 47869 Property(2) 176-2 185.6 46699 Fixed III 185 Index Hale 5 780.7 1.3 47869 Property(2) 176-2 185.6 4669 Fixed III 185 Index Hale 5 780.7 1.3 47869 Property(2) 120.0 126.9 4665 Property 185 Index Hales 5 780.2 1.3 47869 Property 185 Index Hales 5 780.2 1.3 47869 Property 185 Index Hales 5 780.2 1.3 1.3 1.3 1.3 1.3 1.3 1.3 1.3 1.3 1.3	27 181 2 190.28 41.562 175 Antorico 27 1.5 187 369.4 367.8 41.981 67 68 794. 186 224.6 225.6 41.982 68 69 794. 186 221.5 222.7 41.982 68 69 794. 187 211.5 222.7 41.983 68 69 69 187 211.5 41.983 68 69 69 187 187 183.5 41.985 68 68 68 187 187 187 187 187 188 188 187 187 187 187 187 187 188 188 188 188 188 188 188 188 188 188 188 188 188 188 188 188 188 188 188 188 188 188 188 188 188 188 188 188 188 188 188 188 188 188 188 188 188 188 188 188 188 188 188 188 188 188 188 188 188 188 188 188 188 188 188 188 188 188 188 188 188 188 188 188 188 188 188 188 188 188 188 188 188 188 188 188 188 188 188 188 188 188 188 188 188 188 188 188 188 188 188 188 188	### Action Red Parl Ing. 18	Page	Wilsonic St. London Willi Toh Proceedings William Proceedings	6. P Life Assistance Ltd 7 Bestund Row, Leadyn, Willia 491 05-4002548 6 Gampol Fd. 1923 19.3 10 Deposit Fd. 1923 19.3 10 Deposit Fd. 1924 100.4 10 Continued on Acrt page



A CANADA TARREST





rent Unit Trust Prices are available on FT Cityline. To obtain your free Unit Trust Code Bookiet ring the FT Cityline help deck on 01-925-2126

FT UNIT TRUST INFORMATION SERVICE

FT UNIT TRUST INFORMATION SERVICE

TO NOT TRUST INFORMATION SERVICE

TO NO



Cont Bank Land

Tey Market st Funds

The state of the s

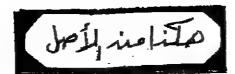
धर्ड विकास

Account

M* ---

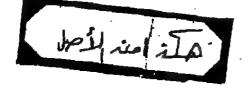
2017/9 1 (2017/9 2 (2017/9

 $\rho(x,y) = e^{x}$



CURRENCIES, MONEY AND CAPITAL MARKETS **CROSSWORD** No.7,186 Set by DANTE **MONEY MARKETS** POUND SPOT- FORWARD AGAINST THE POUND LONDON RECENT ISSUES Japanese rate rise EQUITIES | Laid | LACS | Laid | 2.69-2.45 mm 1.01-0.71 de 45-45 mm 8-45 mm 8-55 mm 8-5 Police Op Date 1899 Later Ret. Titues Gross P/E. Oby Cpr/s Vield Basin increasingly likely | Pales | Pale | Pales The Bank of Japan has trade surplus with the US and intervened to support the year for eleven successive trading days. The amount each day is unlikely to have averaged less than \$500m, so at a conservative estimate the Japanese central bank has spent around \$50m over the period. Trade surplis with the US and will tend to deepen the less than cordial relationship that has become noticeable between the two countries. The Federal Reserve also intervened heavily to support the year last week, but the market simply viewed this as a good concertuality to dispensation. 20 10 20 500 10 500 1 Reserve also intervened heavily to support the yen last week, but the market simply viewed this as a good opportunity to dispense with unwanted yen at a better price. Weak Japanese equities may have prevented the Bank of Japan from supporting the yen by increasing its discount rate, but share prices were much steader last week. Mr Yasushi Mieno, Governor of the Bank DOLLAR SPOT- FORWARD AGAINST THE DOLLAR UK clearing bank base lending rate 15 per coet from October 5 Check the most) 1/2 During the first two months of Mieno, Governor of the Bank of Japan, is at present on a visit to Europe, and his absence could be another reason for the lack of any move, apart from foreign exchange intervention. He this year Japan's reserves fell by \$4.5bn, and it looks possible by \$4.5hn, and it looks possible that the figure is now approaching \$10hn. This is very large intervention by any standard, even for a country with reserves of over \$30hn, and is not a situation that the Bank of Japan will wish to continue for much longer. Washington is equally unhappy, as a weak yen will do nothing to correct the problem of Japan's extremely large ACROSS 1 Ugiy sister refused a drink on her return (6) 4 They give lift when a flier comes to obstacles (3) 19 Agreed everything was bound to come out (7) 11 Strange charm that is pure fantasy (7) 12 Planty of sites for builders (4) FIXED INTEREST STOCKS I Understand how to except exchange intervention. He returns to Tokyo on Thursday, and if the yen is still sliding, while the stock market stays calm, an increase in the discount rate by % point to 5 per cent must be at the top of his list of options. (2,5) 2 They might easily be one's trial (9) 3 Party rising in power in old Scandingvia (4) 5 Money put in bank lately (5) 6 Put a bit on borses in Rent Catest 399990 Course High Law Inter Prints £ Price + or Pall T 100 100 FA 117p 109p 127b Core, for Till, Units *95-2002 Sp 99.5 15, British for Es. 113-pc Sec. th 2012 Sp 13.5 British for Es. 113-pc Sec. th 2012 Sp 130-130 Sp 13 1000 91.1 775 900 2000 800 **EXCHANGE CROSS RATES** of Japan's extremely large (10) 7 Engagement ring? (5) 8 Dingraced begus journalist 12 Planty of sites for builders (4) 12 A calebrity's chae (5.5) 13 Have riches in a wault (8) 14 Calmed down when everyone agreed (7) 15 Possibly apy on fashionable medium (7) 12 Joins forces (6) 14 I can upset a clergyman – but it's not right (10) 17 That's life! (9) 18 Disma's bloomer is a caine-trophe (8) 18 In a way it repays baralmess (6) Mar.9 S 3 DM No Fft, Sfr. Mft. Um C\$ Bft. RIGHTS OFFERS **2 IN NEW YORK** CURRENCY MOVEMENTS 1 1A19 2750 2550 1380 2466 3366 2557 1406 57.5 0A18 1 1704 151.3 1362 1512 1512 1516 1516 1516 Cleaning Potes # Pale Date Previous. Close 0.562 0.967 1 88.63 3.502 0.000 1126 798.6 0.600 28.79 4.002 0.608 11.26 2800 36.07 12.67 2514 7,771 254.1 1635-1 6365 163-1 6366 272-26660 260-950pm 260-950pm 257-947pm 234 494 494 4129 413 4145 4145 4145 4145 4145 4145 4145 86.6 163.7 163.7 110.0 110.5 110.9 110.9 101.3 101.0 124.2 137 230 230 61.0 124 821 478 23.6 1377 178 2957 2427 10 1444 4,400 4,641 1127 1961 1886 1 14 Marie 14 H R. 0.322 0.521 0.500 78.90 3.884 0.788 Lim 0.492 0.795 1.354 120.5 4.579 1.202 1,520 626.0 1000. 125 AU an eyesore (4) 28 Dashing chap with exotic tan on cheek (7) 29 I sing about one Italian drink (7) 30 Correspondence from a number surrounded by mystery, perhaps (8) 21 There's your hidden error (6) CS 4525 0.880 1.440 128.7 4.890 1.286 1.451 1870 8 Pt. 1.746 2.823 4.801 427.3 18.27 4.304 5.484 5.522 STERLING INDEX You par 1,000; French Fr. par 12: Line par 1,000; Balgian Fr. par 100. 27.2 27.2 27.2 26.3 26.3 26.3 26.3 26.3 EURO-CURRENCY INTEREST RATES PRINCE (PRESE (SQUARY) . BANK OF ENGLAND TREASURY BILL TENDER 7 flags -Cong. **See:** the ist ist Ton The solution to last Saturday's prize puzzle will be published with names of winners on Saturday March 24. ちゃれなるに関与与 アママ 東西公本のに対対自 される **能推出致超** WEEKLY CHANGE IN WORLD INTEREST RATES **CURRENCY RATES** Mer.2 change Mar.9 shings OTHER CURRENCIES NAME OF THE PERSON NAME OF THE P Bach'd +1 14.5604 Bach'd Omn'd 1 2005 1 9575 1 9825 1 Shelf d Specif d -0.050 8.00 8.175 8.775 滋 FT LONDON INTERBANK FIXING 6 months HS Dollars 猛 il. Back'd Cack'd 数 15 \$ JOTTER PAD MONEY RATES 1. Sec. 2. LONDON SHARE SERVICE U.S. TREASURY DRIVEN COSTS BY6 - AMPLIESE VISI COSTS STORAGE OF TREASURY OF TR **BRITISH FUNDS** BRITISH FUNDS-Contd AMERICANS - Contd Chai | 1544 92-01 | 95-07 92-25 | 93-04 THE THE SALE SALE 8-99 8-99 8-99 8-38 8-38 8-38 8-38 Sec. Two Mapalita . jäst.9 124-124 8.30 8.45 10 4.10 1 10 7 7 7 7 1 10 7 10 1 10 7 10 1 479-4.85 *** 語語 **LONDON MONEY RATES** 11.00 91.46 91.46 91.46 91.05 91.05 91.05 91.05 91.05 91.05 15.83158 **Prospective real reduception rate on projected infinition of 5% to Figures in purestioners show RPI have for Indexion, the Summerties prior to beset and have been adjusted to reflect reducing of RPI to 110 in January 1987. Connection factor 3, 945. RPI to June 1984; 115.4 and for January 1990; 119. 温地湖 是是是在1000年。 はない。 海の間 野地地 二二二二 1555 ANSTANTA - 1555 SA.TI SA.OK SA.OK SELEK INT. BANK AND O'SEAS cost; Brank STNs Gottle Anorane tamber rate of los so day February 28 or t 155,87 p.c., Schools Mar 6.49 0.07 139 0.46 0.25 0.05 0.01 CORPORATION LOANS 2011 Participant ST 178. 2011 Participant ST 178. 2011 Participants ST 2011 Participants Par FT-ACTUARIES WORLD INDICES **COMMONWEALTH &** Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood **AFRICAN LOANS** Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries US Dollar Index % change Pound since Sterling Dec.29 '89 Index Pound Sterling Index US Doller Index Orose Div. Yield Local Currency Index: 121,77 244,94 122,42 228,07 122,42 228,07 113,57 119,91 164,92 118,77 188,77 188,97 186,38 122,68 163,11 57,99 185,34 137,51 1989/98 Law Currency Index LOANS bet Bronbjuß spost unwest 160.41 278.84 160.17 260.82 153.18 157.01 157.01 140.55 102.11 200.11 245.84 145.86 199.38 251.99 265.95 199.38 251.95 199.38 251.95 199.38 251.95 199.38 -38 +531 -745 +546 +86 +46 +22 -50 -146 +221 -53 -97 +221 -53 -97 +223 +88 +80 -73 -744 139.23 276.27 141.40 143.39 257.09 146.84 149.61 128.47 182.47 93.38 257.66 409.41 196.51 196.81 148.12 196.81 148.12 196.81 148.12 196.81 148.12 196.91 125.67 246.36 127.84 129.84 129.20 135.05 115.96 107.98 104.70 84.82 146.45 122.59 58.45 122.59 180.36 180. 126.26 82.84 125.87 185.36 118.93 112.97 179.98 88.41 125.90 74.97 199.43 143.35 133.22 110.83 133.22 140.45 143.4 5.46 1.08 4.46 3.31 1.40 2.35 2.78 2.58 2.58 2.58 2.14 0.44 4.58 1.54 1.54 1.54 2.37 2.37 2.37 2.37 2.34 3.48 139.90 276.84 143.91 142.80 267.84 145.74 149.55 128.50 119.25 194.24 180.41 239.31 404.93 135.72 64.53 244.98 195.72 196.86 178.88 93.57 148.93 148.93 137,96 101,88 130,57 134,86 140,94 140,94 142,09 127,96 142,09 175,92 155,55 162,81 115,07 72,07 170,96 142,22 136,42 146,79 146,79 146,51 146,51 146,53 146,53 146,53 -7.6 +51.9 -52.9 +64.4 +9.3 +3.9 +2.1 +2.5 -18.5 -18.5 +24.4 -5.7 +10.4 +0.2 -0.5 +10.4 +0.8 -0.5 -0.7 -0.4 -0.4 128,15 223,69 131,00 130,81 226,01 133,50 117,71 109,54 167,18 88,32 146,94 219,21 179,28 180,33 124,41 179,28 180,35 180,36 85,71 183,86 85,71 134,80 125,27 122.55 244.90 125.02 121.96 228.38 122.38 122.58 135.84 119.43 88.58 153.41 248.22 1168.80 1188.75 1188.79 164.24 122.99 163.26 87.68 134.60 136.75 Australia (84) Public Board and Ind. 25Mat. Wo. 3pt W 43ml(135) 19.2 [130: 150: 150: **CANADIANS** Italy (96)... FOREIGN BONDS & RAILS co (13). 4,75 GRCE | 1877 April 1878 April 1879 April Norway (24)..... Singapore (26)... South Africa (60) **AMERICANS** USA (541). 146.66 201.86 194.72 174.18 146.66 135.78 140.05 173.77 162.00 161.84 145.52 -3.7 +2.1 -17.9 -13.1 -4.5 -1.3 -3.1 -12.7 -10.4 -10.2 -4.1 125.56 175.29 144.86 137.39 125.51 118.53 119.76 137.71 132.10 132.01 126.08 138.09 191,20 158.52 150.61 137.96 129.83 130.39 150.99 144.71 144.82 138.52 112.63 137.95 157.05 141.55 141.59 96.30 111.93 141.40 136.96 136.87 114.51 118.63 147.54 183.24 157.41 120.10 99.58 128.40 156.41 141.32 142.08 120.10 137.06 191.36 158.16 149.96 137.02 129.40 130.74 150.34 144.21 144.11 137.63 Europe (368) Nordic (121) Pacific Basin (867) Europ Pacific (1656) North America (861) Europe Ez. UK (683) Pacific Ex. Japan (212) World Ex. UK (1849) World Ex. UK (2084) World Ex. So. AJ. (2330) World Ex. Japan (1935) 3.53 1.87 0.81 1.82 3.48 2.72 4.83 1.89 2.17 2.40 3.55 123.32 185.19 150.77 140.05 136.65 115.69 118.26 140.04 139.49 138.87 131.89 -4.0 +1.5 -13.8 -10.4 -1.4 -1.0 -10.0 -8.3 -8.4 -3.9 124.65 172.58 143.06 135.96 124.44 116.74 117.69 136.29 130.62 130.72 125.03 123.21 165.32 150.90 140.08 135.81 115.93 118.67 140.03 139.24 136.59 131.39 8 mus Bris no Palai San 39 Auf \$1.40 2.111.1.7 Ps lay Air in 1500 58 min 500 3.2 7.8 lbs in 20 1500 58 min 500 3.2 7.8 lbs in 20 1500 59 Air San 20 2.7 8 lbs in 20 1500 50 Air San 20 2.7 8 lbs in 20 1500 50 Air San 20 2.7 8 lbs in 1620 50 Air San 20 2.7 8 lbs in 1620 50 Air San 20 2.7 8 lbs in 1620 50 Air San 20 2.7 8 lbs in 1620 50 Air San 20 2.7 8 lbs in 1620 50 Air San 20 2.7 8 lbs in 1620 50 Air San 20 2.7 8 lbs in 1620 50 Air San 20 2.7 8 lbs in 1620 50 Air San 20 2.7 8 lbs in 1620 50 Air San 20 2.7 8 lbs in 1620 50 Air San 20 2.7 8 lbs in 1620 51 Air San 20 2.7 8 lbs in 1620 52 Air San 20 2.7 8 lbs in 1620 52 Air San 20 2.7 8 lbs in 1620 52 Air San 20 2.7 8 lbs in 1620 52 Air San 20 2.7 8 lbs in 1620 52 Air San 20 2.7 8 lbs in 1620 52 Air San 20 2.7 8 lbs in 1620 52 Air San 20 2.7 8 lbs in 1620 52 Air San 20 2.7 8 lbs in 1620 52 Air San 20 2.7 8 lbs in 1620 52 Air San 20 2.7 8 lbs in 1620 52 Air San 20 2.7 8 lbs in 1620 52 Air San 20 2.7 8 lbs in 1620 52 Air San 20 2.7 8 lbs in 1620 52 Air San 20 2.7 8 l 145.15 138,77 -139.06 162.05 136.68 -10.1 Base values: Dec 31, 1986 = 100; Finland: Dec 31, 1987 = 115.037 (US \$ Index), 90.791 (Pound Sterling) and 94.94 (Local); Nordic: Dec 30, 139.65 (US \$ Index), 114.45 (Pound Sterling) and 123.22 (Local). Copyright, The Financial Times Limited, Goldman, Sachs & Co., and County NatWest Securities Limited. 1967 Constituent changes 8/3/90: Deletion: Gt. Northern Nekoosa (US).Name change Fil-Pyffes to Pyffes (Ireland).

				:
9.97(s)Sherif Higs. 5s.v 153 15.75 4.07 12 Asy Mar 9.42(bit Sec. 10s. v 76 11.97.72 1 April Oct. 200 705.811 6rom 50s	18. [Searcil.] 109	THE REPORT OF THE PARTY OF THE	NOUSTRALS (Miscri) - Cont. Part Part	



Ship Marghy

ALS (Miscell)

100

 Latest Share Prices are available on FT Cityline. To obtain your free Share Code Booklet ring the FT Cityline help desk on 01-925-2121 **LONDON SHARE SERVICE** ### Parties | Section | Parties | Pa MOTORS, AIRCRAFT TRADES PROPERTY-Contd TRUSTS, FINANCE, LAND MINES -- Contd OIL AND GAS-Contd | Prince | Bar | Prince | Barbana | Barban Price Str Prid Last Dividents Paid June Ja Ap Jyl | 120 | - 5.15 | - 6.60 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 Commercial Vehicles 283 15.0 9.92712 Jan Aug 2997 168 185 7.127.5 Dec Jan 1622 CSG 3.25 1.1115.1 Sept Feb 1301 220 6.0 3.630.10 Jan slov) 1539 173 15.13 3.72.10 Sept Feb 1201 201 88.0 5.327.12 Sep Oct 2271 185 15.5 4.530.10 Dec. selv 2271 74 2.4 4.12.10 Sept Sept 3113 440 25.0 5.12.10 Jan sep 3113 440 25.0 1.0 Jan sep 3113 441 2.2 4.4.7 August 4075 29. 90.000 100.
130. This he pay 30.01.
5.00 Servey intenst.
2.21 pays (13y Pres.
402.51 sing Propertie.
63.49 to \$3.542.200 16.
2133.81 and Scorties 61.
414.70 he has in the pays of the first the pays of the 15.0 3.7 10.9 Dec Jel | 200 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 | 196 2.2. Series Series 2.2. Series **OVERSEAS TRADERS** Older Carp US \$1.50...... THIRD MARKET **PLANTATIONS** Print Dir 1774 Last Strategic City-**NEWSPAPERS, PUBLISHERS** I Barboar Indez

1 Blanck (A. & C. S.

2 Ellip P.

2 Ellip P.

3 Europeany Van

4 Europeany Van

4 Europeany Van

5 Europeany Van

6 Europeany

6 European Price | 100 | 000 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 Prop. Sec. 100 Sup. Property TSL 16... Regard Prop 1p... Regard tost... Regard tost... Regard tost... Reservant Second 28p... Reservant 20p... rernia West...... Gelts Mins, IrSo... George (P.E.) So... Gronnagraphic 1p. MINES ### 10.0 2.597.13 January 1002

| 1.0 2.597.13 January 1002
| 1.0 2.597.13 January 1002
| 1.0 2.597.13 January 1002
| 1.0 2.597.13 January 1002
| 1.0 2.597.13 January 1002
| 1.0 2.597.13 January 1002
| 1.0 2.597.13 January 1002
| 1.0 2.597.13 January 1002
| 1.0 2.597.13 January 1002
| 1.0 2.597.13 January 1002
| 1.0 2.597.13 January 1002
| 1.0 2.597.13 January 1002
| 1.0 2.597.13 January 1002
| 1.0 2.597.13 January 1002
| 1.0 2.597.13 January 1002
| 1.0 2.597.13 January 1002
| 1.0 2.597.13 January 1002
| 1.0 2.597.13 January 1002
| 1.0 2.597.13 January 1002
| 1.0 2.597.13 January 1002
| 1.0 2.597.13 January 1002
| 1.0 2.597.13 January 1002
| 1.0 2.597.13 January 1002
| 1.0 2.597.13 January 1002
| 1.0 2.597.13 January 1002
| 1.0 2.597.13 January 1002
| 1.0 2.597.13 January 1002
| 1.0 2.597.13 January 1002
| 1.0 2.597.13 January 1002
| 1.0 2.597.13 January 1002
| 1.0 2.597.13 January 1002
| 1.0 2.597.13 January 1002
| 1.0 2.597.13 January 1002
| 1.0 2.597.13 January 1002
| 1.0 2.597.13 January 1002
| 1.0 2.597.13 January 1002
| 1.0 2.597.13 January 1002
| 1.0 2.597.13 January 1002
| 1.0 2.597.13 January 1002
| 1.0 2.597.13 January 1002
| 1.0 2.597.13 January 1002
| 1.0 2.597.13 January 1002
| 1.0 2.597.13 January 1002
| 1.0 2.597.13 January 1002
| 1.0 2.597.13 January 1002
| 1.0 2.597.13 January 1002
| 1.0 2.597.13 January 1002
| 1.0 2.597.13 January 1002
| 1.0 2.597.13 January 1002
| 1.0 2.597.13 January 1002
| 1.0 2.597.13 January 1002
| 1.0 2.597.13 January 1002
| 1.0 2.597.13 January 1002
| 1.0 2.597.13 January 1002
| 1.0 2.597.13 January 1002
| 1.0 2.597.13 January 1002
| 1.0 2.597.13 January 1002
| 1.0 2.597.13 January 1002
| 1.0 2.597.13 January 1002
| 1.0 2.597.13 January 1002
| 1.0 2.597.13 January 1002
| 1.0 2.597.13 January 1002
| 1.0 2.597.13 January 1002
| 1.0 2.597.13 January 1002
| 1.0 2.597.13 January 1002
| 1.0 2.597.13 January 1002
| 1.0 2.597.13 January 1002
| 1.0 2.597.13 January 1002
| 1.0 2.597.13 January 1002
| 1.0 2.597.13 January 1002
| 1.0 2.597.13 January 1002
| 1.0 2.597.13 January 100 C. Bernard S. Com. 176.

37 200. C. 750 to Fel.

23 200. C. 750 to Fel.

24 25 Common 100.

27 15 Common 100.

27 15 Common 100.

27 15 Common 100.

28 20 common 100.

29 20 common 100.

20 20 common 100.

2 griral Randi 370 - 1276 - 2399 285 - 631 - 2399 43 9036 200 Apr Oct - 2390 43 01302 7-235.31 Feb Aug 5767 - 3707 - 2380 Q400 4.425.31 March -Eastorn Ramii

54\, 040c194 R5 Jan Dec 1928

848 0120c 82.722.5 Jan Dec 294

040 0156 15.5111 Dec Jan Dec 294

49 0156 15.5111 Dec Jan Dec 296

1056 15.5111 Dec Jan Dec 3072

1058 15.511 200 29 Froming Australia.
St. 700. 7pc 21.3. 91.
91.27 Froming Australia.
21.47 Froming Commission
21.47 Froming Commission 906. Glafrida Hilliam.
17. Floranters Ale., Tripl.
17. Floranters Ale., Tripl.
27. Sharrers Ale., Tripl.
28. Sharrers Ale. 73 Femina Co.
140 Femina de Co.
140 Femina de Co.
140 Femina de Co.
140 Femina de Co.
141 Femina de Co West Rand
285 0554 1 15.1 Jan. Asp. 18
285 0556 4 1 15.1 Jan. Asp. 18
291 0756 15.9 29.1 Sq. Jan. Sq. 29
294 00806 277 12 Feb. Asq. 25
380 0155 33 3.7 Feb. Asq. 25
380 0155 33 32 Jan. 25
380 0155 32 Jan. 25
380 0155 32 Jan. 25
381 0256 25 Jan. 25
381 0256 25 Jan. 381 02
381 0256 25 Jan. 381 02
381 0256 73 122 Jan. Sq. 48
117 0666 22 Jan. 37 Feb. Asq. 31
137 0666 22 Jan. 37 Feb. Asq. 31
138 0566 22 Jan. 381 02
117 0666 22 Jan. 381 02
118 0666 22 Jan. 281 02
118 0 SHOES AND LEATHER 8 0 USAS, not listed on Sinck Exchange and monopolity inch.
8 1 milescript in same degree of regulation on Estad securities.
9 Nets of virtically thand.
8 Price at them of suspension indicated divident after padding scrip analyse rights into a limitation of virtically thand.
9 Indicated divident after padding scrip analyse rights into a limitation of the program.
9 Newsper hist or resepalisation in program.
9 Newsper hist or resepalisation in program.
9 Percent divident.
9 Percent divident.
9 Percent for conversion of siners not now reading for divident or realising only for restricted divident.
9 Percent divident.
9 Cover does not allow for thans which may also rent for divident at a future data.
10 No per whise LPT. Begins France, Pr. French Franct 19 Visit based on susuapation Treasury BHI fixte stays inchanged settli extentive of shorts a farmation of whiches a Frigure has on on cropactus or without offer estimate, c Cents, d Divident rate paid or payable on part of capitat. • Redemption yield, F Fat yield, a Assumed divident and yield after strip issue, j Payment from capital sources. I. Keyra, on laterish higher than previous total, a Rights temperature of brident and yield exclude a special payment, it indicated divided, a Forecast, or estimated annualised dividend rate. V subject to local tax, y Divident and yield becute a special payment. It indicated divident and yield based on prospectus or other official estimates for 1987-88. Estimates for 1987-88. L'estimates for 1987-88. L'estimates of other official estimates for 1987-88. L'estimates of prospectus or other official estimates for 1987-88. L'estimates of the official estimates for 1987-88. The prospectus or other official estimates for 1987-88. The payment of the official estimates for 1987-88. Representations or other official estimates for 1987-88. The prospectus or other official 2.00. Community of the 10 42 mm | Lambre 22 温度 到代代 建筑 **SOUTH AFRICANS** 403 9000d 5.118.0 Apr 0cs. 1762 772142900 9.813.11 June Dec 2529 566 QL456 6.2 5.4 Oct 68ay 2035 566 QL456 6.2 5.4 Oct 68ay 2035 567 QL456 6.2 5.4 Oct 68ay 2035 568 QL456 6.2 5.4 Oct 68ay 2035 569 QL456 6.2 5.4 Oct 68ay 2035 560 QL456 6.2 5.4 Oct 68ay 2035 562 QL456 6.2 5.4 Oct 68ay 20 41.0 Sibentritt Mineri 637.7F S. Oper, Gold Sibe. 37.0F rec State Dev. 10c. 150.6ftarmony 50c. 147.0Leel (N. J.) Gold Le. 31.1Loraine RJ. 50.054, Helsen RJ. | Starround and Pintinmen | 130 | Starround | 13 **TEXTILES** REGIONAL & IRISH STOCKS
The following is a selection of Regional and Irish stocks, the
latter being quoted in Irish currency. Albany Inv 205. 4 87 Armitte
Craig 2 Rose CL 4 828 Carrel (P.J.) 4
Holt God 259. 4 13451 - 2 Half (R. 6. H.) Helt
Can 81 % La 1971. 696
Fin. 13 % 97/02. 5167 1 496..... 153..... 185..... 101..... 2154..... 146..... TRADITIONAL OPTIONS
3-month call rates

Regal Dec.
Hill.
Rask Org Ord.
Regal Intel.
Regal Enclassification

Alled-Lyces.

Alled-Lyces.

Ansterd.

Aster (BSSP).

BAT.

BOC Grp.

BATR.

Barciays.

Bede Circle.

Beets.

Boots.

Boots.

Boots.

Brit. Aeroshace.

Brit. Brit.

Brit. Felcom.

Cadburys.

Chorter Cos.

Communication.

Environment.

Environment.

FRIT.

FRIT.

Environment.

FRIT.

FRIT.

Environment.

FRIT.

FRIT.

Environment.

FRIT.

Environment.

FRIT.

Environment.

Environment.

FRIT.

Environment.

FRIT.

Environment.

FRIT.

Environment.

FRIT.

Environment.

Environment.

FRIT.

Environment.

FRIT.

Environment.

Environment.

FRIT.

Environment.

Environment.

Environment.

FRIT.

Environment.

Environment.

Environment.

FRIT.

Environment.

Environme TOBACCOS 1 5538A7 leds 0809 230.0 4.97711 June Pab 1717 452700.124 pc.ls. 1868.4 48441 924-922 925.10 June Doc 1776 107 Mendeman 124 g. . . . 458-9422 3 2.627.11 June Sept 1983 PROPERTY 66.7[Attled Landon 10s, il 38.00s, 54 pc Dm Hel Per V 4.958.00s, 54 pc Dm Hel Per V 4.958.00s, 55 pc Dm Hel Per V 5.958.00s, 55 pc Dm Hel Per V 5.958.00s, 55 pc Dm Hel Per V 5.958.00s, 55 pc Dm Hel Pr V 5.958.00s, 55 pc Dm Hel V 5.959.00s, Property
Sift Land
Control Sets.
Land Separtite
MEPC.
Membelsish 17544K GEG.
Giazo.
Grand Met
Generikan.
GKM.
Hanson.
Hanson.
Hanson.
Legal & Gen.
Reservice.
Legal & Gen.
Legal & Ge OUs 52 12 4 12 7 10 E Mines 뾽 . Time 35 a053 2 - 1 9.3 Apr. Nov. 1774 45 011d 3.831.77 Sep Apr 2725 46 05d 1.82.210 Nov Aug 2772 148 x1150 25.27.111 Dec July 3644 1254 - 1777 - 040 This service is available to every Company death relations throughout the Guited Klogdom for a fee

Law Stock Div. 28 AAR .48
8½ ACM # .28
1½ ACM # .128
1½ ACM # .129
1½ ACM # .129
1½ ACM # .129
3½ AMCA .229
3½ AMCA .229
3½ AMCA .229
3½ AMCA .229
3½ AMC # .229
3½ ACM # .229
3½ A 635 3 5 6 1 5 7 5 6 5 7 7 1 5 6 5 7 1 5 7 1 71 Adobe
71 Adobe
154 Adob pl 1.94
65 AMD pl 3
8 AMD pl 4
8 AMD pl p-sat ypap pr 7-18 ylaft piC 32 h Alguel 120 35 h Algele 1.18 9 h Algele 1.18 11 h Algele 1.10 12 h Algele 1.00 22 h Algele 1.00 24 h Algele 1.00 64 h Algele 1.00 65 h Algele 1 84 ACART 39 542 yACres 1.36 542 yACres 1.36 54 ACEP 2.40 27 k America 28 4 Ace 29 1.38 75 Ace 29 .00 .00 .00 ## Armen ## 150 ## 14 Armen ## 150 ##

See State | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 | 1900 Control of the state of the sta

| Section | Company | Comp

12 Month

Map Law

Colt 315 Charle 6 Je

21 11 Charle 6 Je

22 13 Charle 25 Je

23 15 Charle 25 Je

23 17 Charle 25 Je

24 2 Charle 25 Je

27 Charle 25 Je

27 Charle 12 Charle 25 Je

27 Charle 2 Je

28 Charle 2 Je

29 Charle 2 Je

20 Charle 3 Je

20 Cha | Wate | Company 101, 61, 112 | 112 | 113 | 114 | 114 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115

Chigo Close Prev. Custo Close 25½ + ½ 13 - ¼ 9½ 96½ -2½ 11½ Py Sta.

Yel. 6: 160aHigh Law 6
7.5 380 25% 25% 25%
1825 13% 12%
.5 77 50 9% 9%
.5 37 112 95% 87%
.5 4 12 11% 11 他们就从以为16人。 2.他的情况,我也是这个有关的,我们是这个人的,我们也是一个人的,我们是一个人的,我们也是一个人的,我们也是一个人的,我们也是一个人的,我们就是一个人的,我们就是一个人的,我们就是一个人的,我们也没有一个人的,我们也是一个人的,我们也是一个人的,我们也是一个人的,我们也没有一个人的,我们也是一个 ## 15 | ST | MARDER |
25 | MARDER |
25 | MARDER |
26 | MARDER |
27 | MARDER |
26 | MARDER |
27 | MARDER |
27 | MARDER |
27 | MARDER |
26 | MARDER |
27 | MARDER |
1.4 11 1.2 21 1 7.3 10

Mary Made

COMPOSITE

NASDAQ NATIONAL MARKET

| Struck | Dis. | Sept | Law | Land Ching | Kyfeled | Sept | The Sept | Sept |

Readle 1.19
Readle

7.000 345 355 8 789 145 155 10 75 74 17 80 254 27

Sheek Div.

Dailor D.

Dailor D. 8¹/₁ = ¹/₂ 6¹/₂ = ¹/₂ 10¹/₂ = ¹/₂ 10¹/₂ = ¹/₂ 20¹/₂ = ¹/₂ 20¹/₂ + ¹/₂ 17 - ¹/₂

Bushoff Burnoff Burnof .40 1.700 .34

AMEX COMPOSITE PRICES

101 bristons

50 belles pt.45

60 belle pt.45

STATE OF STA

Cubic Blook Blook Blook Internate . 12 Internate . 12 Internate Internat 55+ 1 35 55+ 1 \$\frac{1}{2}\frac{1}{2 31, 524, 15, 24, 24, 25, 312 -224 -15 23 -24 29 25 15 25 25 25 25

Travelling on business with TAP? Enjoy reading your complimentary copy of the Financial

Times on scheduled flights from . . . Lisbon.

٠.

FINANCIAL TIMES

Block Div. Block Proces A 140 P

194 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 | 144 Free hand delivery service Free hand delivery service for all

1,140 .78 1.44

United 1, 182a
UMER A
UMER B
U

centres of BILBAO SEVILLA Madrid (01) 7339548

subscribers who

work in the business

And ask IPS for details.



Making a better case for IT investment

A LARGE Anglo-American company is using a technique to justify its investments in information technology (IT) which seems to offer signifi-cant advantages over existing

The company, which for the moment prefers to remain anonymous, was tracked down by the Brussels-based consultancy OTR. The consultancy was looking for a practical method of IT cost justification which, as Dr Colin Jackson, OTR managing director, says: "encompassed infrastructure investment and which worked." moment prefers to remain

The company's technique, the "II Investment Grid," is an attempt to formalise the an attempt to formatise the balance between risk and cost. Why such a solution is needed has been well rehearsed. It is difficult to provide adequate justification for investments in IT technology which help a company perform better and increase the quality of its dealings with customers

obvious financial return. Companies, nevertheless, continue to spend money on data communications networks, personal computers and artificial intelligence without, it seems, formal justi-fication. Too many of these investments are acts of faith, discontinued when their corpo-

Four categories

OTR has devoted the latest issue of its regular research report to an examination of the IT Investment Grid. It is no magic bullet. Indeed, used properly, it involves board members in a more detailed review of their companies ambitions and limitations than they might like. The Grid starts from the

notion that there are four extended on the three are four extended on the Turnaround" category is high cost and very high risk but would be written to the future success of the company. Conventional return-on-investent analysis is no help here. Concentration on return rather than market share lost ers the battle for the world. D-Ram market against the

Japanese, OTR argues.

"Strategie" investments are also high risk but they are or have become critical to the firm's business strategy — Sainsbury's installation of scanners at its checkouts or the Automobile Association's investment in an advanced investment in an advanced

data communications network. "Core" investments are critical for the current operations of the business. O'll describes how International Rusiness Machines invested in design software that enable it to assemble personal computer printers in one tenth the time taken by its then supplier

Epson of Japan.

"Staple" investments are low cost and low risk. They include payroll systems, butgetary control systems, per-sonnel systems and the like.

Allocations

To use the Grid, the board has first to decide what sort of company it is and then allocate its investment spending between the four categories. An entrepreneurial company might have 20 per cent of its spend in turnaround and 25 per cent in staple. A conserva-tive company might avoid the turnaround category alto-

The next step is to monitor existing investments and allocate them to the four categories. Inevitably there will be a mismatch; some companies will find this stage very revealing. Detailed negotia-tions at board level will be necessary to match the com-pany's desired profile with its actual spending: "This dia-logue and iteration process is the most important part of the IT Grid System," OTR says. "We believe that companies attempting to avoid this will have no success with the pro-

The Grid will not satisfy everybody's idea of how to jus-tify investment in IT. It seems to work best in large companies with clear company stan-dards and policies. But it is a useful starting point. Its clear-est benefit, perhaps, is that it forces board members to overhaul their ideas of what their company is about and where it

Alan Cane *How should you justify infrastructure investment in information technology? Available on subscription from OTR Group, (01) 402 3574.

"I SUPPOSE I would be characterised by the Financial Times as a left-wing play-wright, says Stephen Poliak-off, "but these aren't party political matters. It is something that's just common sense and needs to be written about, questioned, and dramatised because it is crucial to our

well-being."

Poliakoff – voluble, intense, and prone to bursts of passionate gesticulation which betray his Russian lineage – is dis-

cussing free enterprise. More accurately, he is talking about one strand of his latest work, Playing with Trains, which is nearing the end of its run at The Pit, the Barbican's smallest audito-

Why, the play asks, has Britain squandered the fruits of its gift for invention by allowing so many good ideas to be developed abroad, or, worse still, by leaving them on the drawing board, withering away through a lack of funds?

Poliakoff's CV is impressive, By 1976, when he was only 24, he was already Writer in Resi-dence at the National Theatre and winner of the Evening Standard's award for Most Promising Playwright. Since 1971 he has written 17 stage plays, seven television dramas (including adaptations), and

When talking about his plays, Poliakoff has a tendency to lop off the ends of sentences as though his ideas are too important to be voiced in strict succession. Bearded and enthusiastic, he bears a passing slastic, he bears a passing resemblance to an inventor himself, but that is a creative strain carried by other members of his family, Jewish Russians who fled the Soviet Union for Britain in 1924, after the installation of the Stalinist

regime.
"My grandfather [Joseph]
was an inventor," says Poliakoff. "He worked with Marconi
and came to England before the First World War. He was deeply interested in various forms of early electronics, but his particular achievement was to be one of the first people in the world to record sound on

film, in 1900."

Joseph Poliakoff was tolerated by the Lenin Government, despite his privileged lifestyle before 1917, because of his talent for invention. Polishoff has already dramatised that experience in an earlier work, Break ing the Silence, which played at The Pit five years ago. "There's a lot of science in my family," explains Poliakoff, "but I've only become inter-ested in it recently."

In part, Playing with Trains draws its inspiration from the British business career of the Poliakoffs. Having started a new life in the UK during the 1920s and 1930s they set up a company making hearing aids. In the early 1950s, St Thomas's Hospital in London asked the family firm, which was now being run by Poliskoff's father,

MONDAY INTERVIEW

Making invention necessary

Playwright Stephen Poliakoff shares his hopes for a revival in a business-like backing for British ideas with Andrew Hill

Alexander, to develop a "staff locator" - a device which would summon hospital docwould summon hospital doctors to emergencies without using a tannoy or bell system. The firm created the ubiquitous "bleeper," which provided the foundation for a quoted company, Multitone Electronics, which still makes rand other companion.

ics, which still makes radio pagers and other communication devices. Alexander Poliakoff is the group's president.

That provides a partial explanation of why the central character of Playing with Trains, Bill Galpin, is an engineer and entrepreseur. neer and entrepreneur. Even so, it seems an unusual

choice of hero for a writer

Personal file 1952 Born. Educated at Westminster School and Cambridge, where he

read History 1976 Won London Evening Standard award for Most Promising Playwright 1976-77 Writer In Residence, The National Theatre,

1990 Caught on a Train (BBC)
wins Bafta award for
Best Single Production
1994 Breaking the Silence
(Royal Shakespeare

Company)
1889 Playing with Trains
(RSC) and She's Been
Away (BBC Films)

whose early work — plays like Hitting Town (1975) and City Sugar (1976) — was concerned less with the mechanics of cap-italism than with the bleak-ness of urban living.

"Most people that make money in fiction turn into monsters," admits Poliakoff.

When the play opens, it is

When the play opens, it is 1967 and Galpin has already made a great deal of money. He has backed development of an automatic turntable, revolut-

gramophone, and uses money from the sale of his company to invest in other business

Success breeds publicity, a platform from which the iconoclastic Galpin is able to lambast his more conventional counterparts in business for their reluctance to follow his

"I grew up in a business cul-ture," says Poliakoff, "and naturally started thinking about the history of invention and innovation in this country: why we created so much -and lost so much. I must say I wanted to go into the heart of the cliche: the 'enterprise cul-

"At the same time, I didn't want the play just to be con-cerned with 'the Thatcher years,' to use another cliché, because the reason we have such a poor history goes back further – from the 1960s, and Wither - from the 1960s, and Wilson's white heat of the technological revolution, right up to Lord Young and Nicholas Ridley at the Department of Trade and Industry with their enterprise adverts on the TV."

Galpin takes on civil servants, television interviewers and an unsymmathetic busiand an unsympathetic busi-ness community with evange-listic fervour, most notably in a set-piece speech to the Insti-tute of Directors at the Albert Hall, which also marks the beginning of his inevitable

We allowed the jet engine to get away, of course, didn't we?" rails Galpin. "The whole commercial development of penicillin, the computer, naturally, even an early form of Lego, the most successful toy in history — because we just wouldn't back them when they

asked us."

Poliakoff says he was also haunted by the Clive Sinciair story, although he stresses that Galpin, who is a gifted investor rather than a gifted inventor.

vance. And, in practice, no prospective client will ever be



I wanted to go to the heart of that cliché: the enterprise culture'

is not based on Sinclair: "I thought that was such an English thing: the way that Clive Sinclair started off the decade as a model hero of the enterprise culture — not that the term had been coined then and then became a public joke, much reviled. Jokes are still made about him on the telly, although the failure [of the C5 electric car] is already

five years old.

"It's a deeply embedded attitude. I think the Americans
would have said, 'OK, it didn't
work, but what's the next
thing?' We just delight in somebody trying to to do some-thing and coming a cropper." Galpin's eventual downfall

combines eventual downfall combines the ridicule faced by Sinclair, and that most English of confrontations, a jutcy libel suit. Poliakoff calls libel "the great sport of the 1980s." He sat in on the Jeffrey Archer case as part of his research and the courtroom scene provides the principal satisface of the the principal set-piece of the second half of the play. But Pollakoff insists that if is pure coincidence rather than a direct reference to Sinclair that the visionary project which Galpin tries to put into action — and which helps bring him down — is an inno-

vative road-rall vehicle.

Pollakoff shares with Clive
Sinclair an amazed disbelief that a Government which worries about how few young peo-ple wish to study science ple wish to study science should then start charging for entry to the Science Museum in London. He traces the reasons for the dearth of good British engineers back to an innate snobbery about people who make things, and the influence of generations of arts-hiased Oxbridge graduates. As he recalls, fellow Cambridge arts students thought engineering undergraduates

"engineering undergraduates were the pits — worse than rugger buggers."

Since then, Poliakoff believes successive Governments — in particular under Margaret Thatcher — have stilled industrial regeneration at its roots:
"In the late 20th century it is very, very difficult for the person or idea that doesn't come within the Oxbridge or university structure to succeed, although historically the ideas which have changed all our lives have usually come from outside that structure."

Strangely, there also seems to be an overlap with Mrs Thatcher's views. The play-wright and the Prime Minister

both admire Victorian values - in Poliakoff's case, industrial values such as those which built and filled the Science Museum.

ence Museum.

As a result, Rill Galpin is a throwback to the Victorian patron-industrialist. "There were all sorts of dreadful things about the Victorian age, but there was also a sort of ideas a sort of the patron of the sort of the vision, a worship of engineer-ing," explains Poliakoff. "Now, people who have vision are thought of as deeply vulgar."
He believes short-term thinking is one of the principal rea-sons for the decay of heavy industry in the UK. He points out that West Germans, work-

ing within a longer-sighted investment tradition, simply do not understand his new do not understand his new play and its indictment of sluggish central government agencies, which at on good ideas until they die: "When they see or read this play they say, "My God — you fools!"

Suddenly, the writer grows shy about pontificating on the reasons for Britain's alleged industrial decline. Puzzled by the lack of 20th-century fiction about science and innovation

about science and innovation (he is working on another play about the subject at the moment), Poliskoff is amazed

that it should fall to a writer to try to shake up the attitude of industrialists. "Why don't busi-nessmen talk about this wider

vision?", he asks. Playing with Trains - which ends with the gloomy nemesis of Bill Galpin, a recluse holed up in one of the draughty concrete buildings he once criticised — is his contribution to what he believes should be a noisy debate.

"Several businessmen and

Several businessmen and senior civil servants have writ-ten to me, saying "There's a lot of truth in this' and 'You've opened our eyes,' which stag-gered me. But although business people agree with it in retrospect, they wouldn't have responded to a real Bill Galpin at the time. We'd all say, "Who does he think he is?"

"What I was trying to do was take a very metallic subject and write about it with some passion and some sensual power. I can't answer lots of questions, but I can set up a story of one man, which jan-gles up people's thoughts about why we've fallen behind."

The last performance of Playing with Trains at The Pit is on March 17.

'Queue' for counsel protects civil rights

he steps leading to the appalling fate confronting Mr Farzad Bazoft, the Observer journalist held in trag contain a sharp reminder of the universal precept that persons accused of crime must have all the procedural safeguards of a fair trial, including counsel of their choice. The counsel of their choice. The sson has a peculiar relevance to the current politico-legal scene in Britain where an imalienable right is the topic of dispute between barristers and solicitors and is being fought out in the Courts and Legal Services Bill.

Nobody even passingly familiar with the long struggle which took place in Britain to secure the right to be repre-sented by counsel can doubt prerogative to instruct his or her own advocate. The rule that a barrister must accept a brief on behalf of any client who wishes to retain him to appear before any court in which he hold himself out to practise - the "cab-rank" prin-ciple - was finally established at the end of the 18th century. It arose over the prosecution of Tom Paine for publishing the second part of his Rights of Man. The great advocate, Erskine, who accepted the retainer to defend Paine and was deprived of his office as Attorney-General to the Prince of Wales for doing so, spoke the classic words: "From the moment that any advocate can he permitted to say that he will or will not stand between the Crown and the subject arraigned in the court where he daily sits to practise, from that moment the liberties are

at an end." The Bar has attached such importance to the cab-rank rule that its parliamentary supporters in the current legislation are insisting that if solicitors are to be accorded the same rights of audience in the courts as barristers they should be professionally bound to the same rule of etiquette. The Royal Commission on Legal Services, in 1979, which recommended that there should be no general extension



JUSTINIAN

of the rights of audience of solicitors in the higher courts, was insistent on the mainte-nance of the cab-rank rule: We consider it right to ensure that when the services of a bar-rister are required, he should be selected for his capacity to handle the case without regard to any other considerations and should accept the case without regard to his personal view, whether about the client, the nature of the case, or in the case of crime, the offence

Quasi-political cases may be handled more effectively by an advocate whose personal views are neutral to the cause

Yet the solicitors' branch of the profession is stoutly resisting the application of the cabrank rule which has not hitherto applied to them in the course of their practices, even as advocates in the lower courts where they have a right of audience and do frequently appear. It is, thus, not only lay-men on both sides of politics who think that a barrister (and hence any advocate) may, and even should, pick and choose the cases in which he is pre-

pared to appear.
The argument for not applying the rule to solicitor-advo-cates is that while the rule enunciates a high-minded principle, it is more honoured in the breach than in the obser-

without legal representation; there will always be some law-yer who will take on his case. Such a riposte misses the point. If a client wishes to brief a particular counsel it is no answer to say that he can always have someone else. It is not unknown for barristers to make excuses and decline to act, their true reason being that they think that their pro-fessional reputation might be damaged by appearing on behalf of an unattractive client or a socially-discreditable cause. The barrister who sym-pathises with his client or the may be the best advocate to plead the case in the most pro-fessional manner. The case of a quasi-political nature may be handled more effectively by the advocate whose personal views are neutral to the cause. The more compelling case for resisting the cab-rank rule the persistent lack of enforcement by the guardians of the professional obligation. When, for example, a group of left-wing lawyers in a set of harristers' chambers declared some years ago that none of them would accept briefs from landlords in dispute with their tenants, no steps were taken to discipline them.

instances where barristers have sought to justify a refusal to accept a particular brief, because of unavailability or the potential length or complexity of a case, there are many unproclaimed and unsung cases where barristers have foregone more attractiveand more lucrative briefs in adhering to the cab-rank rule. Although the barrister may probably demand a proper pro-fessional fee for his services, there are even cases where the less-lucrative legal aid fee (or even no fee) has been accepted by counsel appearing in an unpopular cause. The cabrank rule still stands as a monument to unassertive, professional propriety in a world where civil liberties are too

If there are innumerable

Sunshine's on Trafford Park. Ask Kellogg's.

A healthy piges, Trafford . Park, for any business. :

Kellogg's chose to put their first European factory there in 1938, and it's grown to ground second largest ready-to-eat

eereal factory in the world.)

"Trafford Park is an excelinvest and grow; enthused

of Europe's tastest-growing

Chedper property costs and a location that's just a few minutes from Manchester, Britain's second financial centre.

With evertwo million square feet available, there's a large variety of sites and buildings

And grants are also available for qualifying companies.

To find out more, why not arrange a meeting with Derek Farmer on 061-848 0404 (U.K.). He'll meet you for break-



TRAFFORD PARK DEVELOPMENT CORPORATION, WAYERSIDE, TRAFFORD WHARF ROAD, TRAFFORD PARK, MANCHESTER MIT 1EX, UNITED KINGDOM, TEL: 061-845 0404,

Monday March 12 1990

A superpower in turmoil

The Soviet Union is in the throes of a second social revolution, the effects of which may well be as far-reaching as the 1917 October Revolution which began the Socialist Experiment. President Mikhail Gorbachev's perestroika is calling into question all the basic tenets of Soviet society, and the whole foundation of post-war international relations. Already its effects across the world have been dramatic, in progress towards global disarmament, dismantling the superpower rivalry, bringing peace to regional conflicts and causing the collapse of communist rule throughout eastern Europe. At home, the Communist Party has agreed to give up its monopoly of power, but the multi-party system to come is still clouded by uncertainty. And the economy is in dire crisis. This survey assesses the problems and prospects for a superpower in turmoil.

on



IN THIS SURVEY

POLITICS

The Communist Party has lost its political authority, but does not know how to abandon its power

CONSTITUTION

If reform succeeds it will be largely because a state of law is painfully being built

ECOHOMY

Economic reform In the Soviet Union faces just three obstacles: the legacy of the past; the chaos of the present and the conflict over the future

FOREIGN AFFAIRS

It is common to hear educated Russians mock the grotesque and overblown pretensions of their country, describing it as a 'Burkina Faso with nuclear weapons'

FINANCE

'We should turn all state property into shareholder property and create a stock exchange'

INDUSTRY

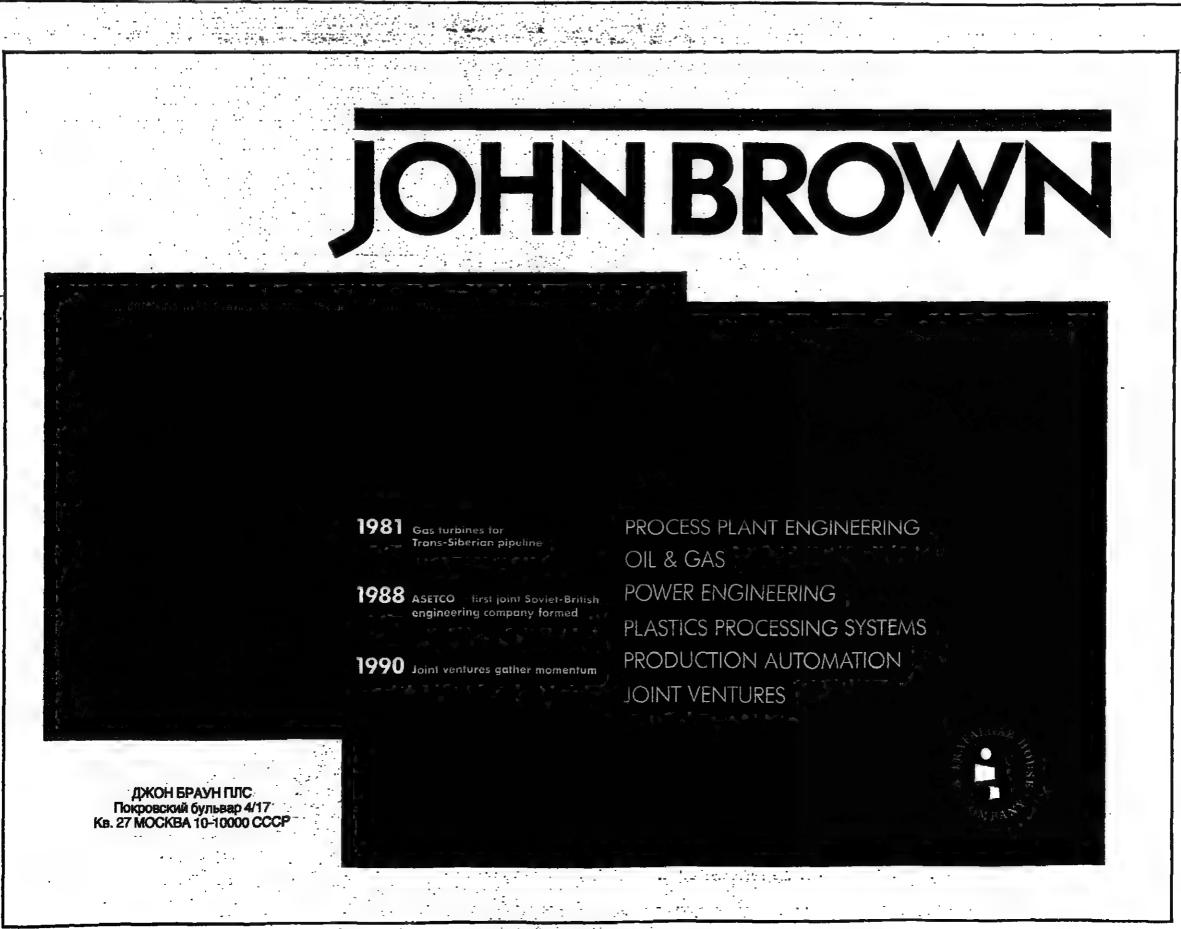
'They should all read Lewis Carroll. This economy is like Alice in Wonderland'

ENERGY

'Ever since Lenin's famous dictum that communism equalled soviets plus electricity, energy has assumed an exaggerated role in the economy'

CINEMA

Having been given the right to say what they want, film makers are finding that they were more comfortable when they had something to fight





Mr Gorbachev has lifted the lid of reform and released an explosion of demands. Quentin Peel examines the impact

Teetering between revolution and disintegration

THE FUTURE of the Soviet Union is in the balance, teetering between revolution and

On the outcome hangs the fate of President Mikhail Gorbachev, the outstanding world leader of the late 20th century, and a generation of middle-aged revolutionaries who have devoted their lives to waking their nation from more than 70 years of a "liturgical dream," to quote one of his closest

It is an outcome which will also have far-reaching consequences for the rest of the world, deciding whether the present climate of disarmament and co-operation can lead to a period of unprecedented stability and economic growth, or whether Europe will once again become a cockpit of squabbling nationalities, dominated by the awful prospect of a pauperised superpower with a huge nuclear arsenal.

week, almost five years to the day since he succeeded as the Soviet Communist Party ader, Mr Gorbachev is set to become executive president of the Soviet Union - with sweeping powers virtually independent of the party which made him.

From one point of view, the move is a logical consequence of the process of democratisation which the Soviet leader embarked on in 1988, when he switched his priority from economic to political reform. It creates a directly elected presi-dency, its powers balanced by an elected parliament, and dis-tances the once all-powerful party from the direct levers of

On the other hand, Mr Gorbachev's rush to push through drastic constitutional change, and create such a powerful

gamble to save perestrolka from the twin monsters it has spawned: the economic collapse of the old system, and the nationalist unravelling of the Soviet empire.

When he launched perestroika in 1985, even his closest advisers admit that he had no real inkling of the extent of the revolution it implied. "He did not come with all his

ideas prepared for peressaya Mr Georgi Shakhnazarov, the political scientist (and writer of science fiction) who is one of the three personal aides in his private office. "But he was prepared to the extent that he understood this system could not survive any longer, that we had to restructure and make really revolutionary changes in the system. Step by step, we go

The crucial point which the Soviet leader and his fellow revulnitionaries educal was the ed to "de-Stalinise" Soviet society, to remove all traces of the tyranny imposed by the Soviet dictator in every aspect of Soviet life, in the economy, politics, culture, even in sport.

The question that now has to be faced is whether de Stalini-sation does not inevitably mean the destruction of the communist system, the heritage of 1917, and starting again

Mr Gorbachev is convinced that some sort of pragmatic Leninism is possible — a human socialism, with a multiplicity of economic and property forms (no rigid state monopoly), a revival of peasant farms (just as his own father had one), and above all, the recovery of individual initia-

Purallel with that is his concept of a new Soviet federation. which he openly admits has

never existed in the USSR beyond the empty words of the constitution. "Do you know what a federation is?" he asked of Lithuanians demanding outright secession. "How could you know? You have never lived in one."

Yet just as the republics are supposed to be getting the gennine autonomy which they are promised. Mr Gorbachev is establishing a strong central presidency. Can the two com-

achievement to date has been to persuade the representatives of the old regime to give up without the sort of backlash or bloodshed seen in Romania. Not only in the rest of eastern Europe, but also at home. It was strikingly illustrated

when the conservative major-ity in the ruling Soviet Communist Party central commit tee voted unanimously in February both to abandon Article Six of the constitution - entrenching the Party's effective monopoly of power and agree to an executive presidency beyond the control of the Politburo. Speaker after conservative speaker had denounced the plans as a betrayal of all the Party stood for. Yet when it came to the vote, only Mr Boris Yeltsin. against - because the plan

was not radical enough.

It is as if the old hierarchies knew that they were bankrupt of ideas, and that their cosy old corruption might not be quite so brutally exposed if they

played a devastating, but high-risk, political hand. Unlike his predecessor, Mr Nikita Khrush-chev, who tried to de-Stalinise the system from the top, and was overthrown by it, Mr Gorbuchev has chosen deliberately to stimulate a revolution from dow. On the eve of that crurevolts in the provinces overthrew a string of top conserva-

tive party leaders — in Volgo-grad, Tyumen, Sverdlovsk and elsewhere.

tions will continue, demanding not just the heads of the lead-ers, but of the whole party structure. The atmosphere in the country is extraordinarily tense, and there is a real feat of precipitating the sort of bloodshed unleashed by Ceausescu in Bucharest Might this in turn produce a conservative coup?

vative coup?
"The process of perestrollal has only lasted five years. I cannot say people have changed drastically," a government ininister said recently. "We frequently used to use the word irreversible. Then suddenly we cashe to understand that only some things are irreversible. In human life, maybe only death is irreversible."

The problem is that when Mr The problem is that when Mr Gorbachev lifted the lid of reform, he released two forces:

The first sort of explosion has meant that even where perestroite has improved the situation, expectations have grown even faster. There is today for more regional autonomy from Moscow already -

of command have broken down. Yet nationalists demand

where all logic is against it. The promise of federalism has

done nothing to expease them. On the economic front, it is

not true that all production

has alumped. Production of television sets, for example,

increased by as much as 20 per cent. Yet there are none in the shops. The answer is twofold:

the official retail system has

collapsed, to be replaced by alternative distribution routes

economic, and an explosion of risen even faster than supply.

The raised expectations have also affected the whole attitude to reform. The latest elections for republican parliaments saw a dangerous amount of apathy among voters, faced with a bewildering choice between candidates they had never heard of. The viewers watch the Supreme Soviet struggling to come to terms with a genuine parliamentary system, and see only wrangling over procedure: they want action, goods in the shops, not words. There is a crisis of confidence in

> Yet the explosion of ideas is, on balance, to Mr Gorbachev's

GNIth total (96n 1985)

advantage. Young people have burst out of the ideological shackles (removed their "ideological spectacles," as Mr Niko-lai Petrakov, Mr Gorbachev's economic adviser, puts it) and are embracing new forms of economic and political activity with a vengeance. This is just beginning to make inroads into the decades of government propaganda, and deep seated peas-ant suspicion, that have undermined any effort at entrepreneurial spirit.

The result is fairly anarchic, or for the potential foreign investor looking for a joint venture, something like coming to the Wild West. But if that energy explosion can be harnessed into a new system, it provides Mr Gorbachev with

Whether he succeeds in the end or not, Mr Gorbachev's survival so far is remarkable: he has shown an ability to sdapt to changing political cirtances, to outmanoeuvre

a conservative majority in all the leading institutions of the state and party. He has cer-tainly benefited from the fact that a great creaking empire can suffer revolts at its fringes, and still not fall apart.

And one human schievement must not go unrecorded: Mr Gorbachev has reduced not yet entirely abolished -the fear which used to permeate the system. Glasnost means that ordinary people worry far less about speaking their minds.

"Fear is genetically to be found in our people," says Mr Vyacheslav Shostakovsky, Rec-tor of the Moscow Higher Party School, and a leader of the social democratic reformers within the Communist Party. within the Communist Party.

"Many people said when perestrolka began that its purpose was simply to identify the dissidents and bring them to the wall. Now at last the people's mood is beginning to change."

Even if Mr Gorbachev does not the contract the contract the contract that the contract that the contract the contract that the contract the contract that the contract that the contract the contract that the

not survive the course - the nine years' more as president if he abolishes the fear in the system, it will have been

2,154.8

413.5

424,1

415.6

364.8 456.7 388.7

1900/69



KEY ECONOMIC STATISTICS

OUR TECHNOLOGY KNOWS NO FRONTIERS.

APV's trading progress in the Soviet Union clearly illustrates the opportunities that perestroika presents. A We have established a fully staffed office in Moscow and already have multi-million pound contracts for the supply of cereal production lines and dairies. A We have also signed an agreement to establish a new joint venture company with Mosgoragroprom. A As a result we shall shortly be modernising a number of existing food factories. A Ail of

which confirms our status as the undisputed leader in supplying production line machinery and equipment to the food and drinks industries worldwide. From biscuit and bread baking to chocolate and confectionery making. From cereals and snacks to dairy, brewing and soft drinks. From initial ingredient specification to final packaging. A For more information please contact us at

one of the addresses below.

By sector of bright			
industry of Origin	-1.7	+1.5	+ 1.8
Agriculture	+0.5	+1.0	+1.4
Productive sectors	-0.3	+2.7	+23
Non-productive sectors	+0.6	+0.2	+0.9
Bejongs of payments in convertible currencies (20m)	1989	1988	1980
Merchandise Exports	Hidi	43.1	38.2
Merchandlee Imports	evaliable	38.9	34.8
Balance		4.2	3.4
Invitibles		-0.4	-0.6
Current Account		+3.8	+2.8
Imports and experts by direction		1989	1968
Imports world		Nat	107.9
EC-East		availabie	57.84
EC-West			29.82
Other			19.43
Exports world		Net	110.51
EC-Freet		evallable	54.12
EC-West		for 1969	27.41
Other		1000	28.97
		Source: P	lan Econ: UN

Your Bank for **East-West Trade**

Our services:

East-West Financing Forfaiting. Guarantees Syndicated Credits Interbank Credits Foreign Exchange

Euro Deposits Precious Metals Documentary Credits Documentary Collections Settlements Checks and Bill Collections

Any Questions?

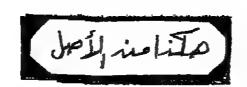
Please give us a ring. Our specialists will be pleased to help you.



Bank for Foreign Economic Affairs of the USSR (Vnesheconombank of the USSR) Zurich Branch Schützengasse 1, 8001 Zürich Telephone: 01/211 23 35 Telefax: 01/221 07 79

World leaders

APV plc, 2 Lygon Place, London SW1W OJR. Tel: 01-730 7244 Telex: 925465 Fax: 01-730 2660 APV Pasilac Danish Turnkey Dairies, Pereulok Sadovskih, Dom 4, Kvartira 6, 103001 Moscow, USSR. Tel: 209 28 23/209 28 79 Fax: 200 02 41.



with Soviet legislation was

that it was all written "in the

language of newspaper editori-als." As for understanding

what is happening in the par-liament, and what precisely

has been agreed, this will not be possible until the assembly

sets up adequate printing facil-ities, to produce enough copies of draft laws, their proposed

amendments, and verbatim

ings. All that is still far shead.
In spite of the absence of a

recognised multi-party system, the Supreme Soviet is already accommodating a variety of clear interest groups, and, in the shape of the Inter-Regional

Group, something which looks suspiciously like an opposition. The complication is that fre-

suspiciously like an opposition.
The complication is that frequently the "opposition" is really on the side of Mr Gorbachev in pushing for more radical reform, and the "loyal"

ranks of deputies are the ones

communist leaders across sent-ern Europe, and demonstrators threatened to do the same in

FINANCIAL TIMES MONDAY MARCH 12 1990

SOVIET UNION 3



POLITICS

Quentin Peel reports on the rise of the parliamentary system

THE COMMUNIST PARTY

Finally, the end of the Party

Thriller for armchair viewers

AS IF glasnost were not enough, Soviet television viewers have suddenly been given a whole new galaxy of stars to contend with. Every night at 7pm the new

scap opera begins. There are familiar villains, flawed heroes and heroines, a querulous question-master, and lots of confusion, with the plots often being rewritten in the course of the drama.

The stars are people like Mr Yuri Sobchak, a rising lawyer from Leningrad, with a natty line in loud checked jackets; or Mr Valentina Shevchenko, an unrepentantly conservative old babushka from Kiev; Mr Verda-min Yarin, the populist hero of industrial working classes of the Ural mountains and scourge of the intelligentsia; and of course battling Mr Boris

The state of the s

The setting is the Suprema Soviet, coming to the viewers almost live from the Kremlin. Occasionally they are treated to a bumper issue, known as the Congress of People's Deputies, with five times as many

Shostakovsky, Rector of the Moscow Higher Party School,

is a top party official - and a pretty wild radical in the ranks of the ruling Communist Party. He is a founder member of the dissident Democratic Plat-

form, which puts him politi-

cally on a par with the hugely popular communist maverick;

Mr Boris Yellsin. Yet in the latest elections to

VYACHESLAV

actors, and proportionally ing to trim the huge budget more maybem.

The whole process is called forms of private enterprise—learning to build a parliamentary system in public, and it is from the likes of Mr Yarin. possibly the most important single achievement of Presileader of the conservative United Workers' Front. dent Mikhail Gorbachev's Now the Supreme Soviet is

perestroika process so far. Confusion is inevitable for facing a big new challenge, before it has even come to terms with its old job: it has to participants who only one year ago were used to a parliament president, with the power to veto its decisions, and some-how find ways of controlling which met for two days a year, and said yes to every proposal put to it. Viewers are express-ing the well-known criticism the ever-present danger of untrammelled executive that it is all words and no action. Yet the learning pro-

problems in the system, with which the People's Deputies have to contend. For a start, the housing crists in Moscow Soviet is attempting to draft nothing less than the entire legal basis for a law-based state, where before the law was means they are all living hand to mouth in the cramped quar-ters of the Moskva Hotel – a The process of attempting to stone's throw from the Kremcreate new laws is taking place lin, but scarcely congenial suragainst a background of fur-ous public debate in the streets. Each attempt at eco-nomic reform — be it price lib-eralisation, cuts in state spendroundings to recover from a day's labour in committee.

They have only the most

to be published.

The point is that the Communist Party has lost its politi-

any independent information in the past? Government ministries are ordered to answer their questions, but they still may take weeks to do so. There is a total staff of 600 in the reme Soviet secretorist about one-fifth of the number working in the US Congress attempting to service all 2,250

People's Deputies.

They can also claim up to Rhe300 a month for an aide just about enough for a young researcher, or for a secretary, but not for both.

Perhaps more serious for a new parliament is the lack of new paritament is the fact of legal draftsmen capable of writing laws which are unam-hignous, and capable of clear interpretation in court. When the Supreme Soviet passed a law outlawing strikes in key law outlawing strikes in key industries last year, Mr Vadim Bakatin, the Minister of the Interior, openly admitted that if was unenforceable because it falled to provide any panalties for specific offences.

most unhappy.

B. was Mr Sergei Stankevich, an articulate young member of the Inter-Regional Group, who Mr Veniamin Yakovlev, the new Minister of Justice, admit-

spelt out most clearly the con-cerns about establishing a powerful presidency for Mr Gorba chev - before the Supreme Soviet had really established itself as a strong democratic

The Soviet leader himself was only persuaded of the need for an executive presidency in recent months, according to Mr Georgi Shakhnazarov, his political adviser. "Mr Gorbachev said a presidency was not in the Soviet tradition," he said. "Our tradition is more colle-gial."

The truth is that the Soviet legislators are writing and rewriting their constitution as they go along. The whole relationship between the directly elected Congress of Deputies, and the indirectly elected Supreme Soviet, may well be changed. There are many out-side the official state and party structures who would argue that the whole system of sovi-

ets is incapable of accommodating genuine democracy.

"Mr Gorbachev is right. He never talks about democracy, only democratisation," says Ms Katya Podoltseva, a full-time activist in the Democratic Union campaigning for a west-ern-style multi-party system. We believe that the Soviet Union cannot come to democracy through the soviets."

likely that the radicals will break away than the conserva-tives. The latter are bound by blind party loyalty, until the

vatives like Mr Yegor

perate to distance themselves from the past. For Mr Shostskovsky, the

key will be the party's ability to transform its inner party

Constitutional reform **ECONOMY** Death rattle of the Stalinist war economy A global comparison ... External trade of the Soviet Union Gavril Popov, member of the Congress of People's Deputies... Victor Geraschenko, chairman of the State Bank of the Soviet Union .. in search of financial discipline, Interview: Bakhytbek Baiseitov of Centerbank, international financial position of Soviet Union . .12 Prospects for creation of securities market... The crisis in the consumer goods industry . Case Study: Passage . Management Trade unions. The quality and motivation of labour. Joint ventures ... The state of the machine tool industry... Case study: Belarus tractor plant .

CONTENTS

Stresses and strains within the Communist Party..

Estonia; Georgia; Kazakhstan; Belorussia...

Introduction

The republics:

Rise of the partiamentary system .

From confrontation to partnership.

Soviet Union-European Community.

Soviet Union-eastern Europe

Soviet-Asia relations

So will the party survive, or will it split? It is far more

1968, it has been clear that Mr Gorbachev saw the need to remove the party from execu-tive power. Whether he actu-ally saw the need to break it completely is less clear. "I'm not sure there was such n 1990, the question is far more about whether the party can survive at all, in what is now seen as the inevitable future of a multi-party system. At the very least, the debate has become one about when the Soviet provinces. Yet what he has done is potentially devcal authority, but does not know how to ahendon its hold the Russian parliament, Mr on power. Every significant position in the Soviet economy has been filled for years by a party appointee — and usually by one who has proved his or her credentials by hind loyalty, not ability. Every one of those members of the so-called nonencloture has a paramount structures, and internal democracy. That means scrapping Shostakovsky was convinced that he was not going to win. stating. The decision of the central a deep strategy," Mr Shosta-kovsky says. The party was indergoing a emphoria of hope – hope for radical changes in the party itself." It was the discommittee - against all its conservative instincts - to scrap Article Six of the constidemocratic centralism - the dictatorship of the leadership - and most of the rigid party The simple reason was that the voters would reject him because of his job. "They will identify me with Soviet accounting systems the party will split, not if it will do so. "We don't really have any other forces today which are authoritative and influential." Taxation of corporations . tution, enshrining the party monopoly of power, is the most important symbolic gesture. It frees not only alternative politcell system. It means acrapping any privileged links with the Red Army and the KGB, the still leared State Security Con-Agriculture. "They will identify me with the party bureaucracy," he said. "Some of the voters are extremely negative about this." The backlash against the rul-ing party has finally come into the open in every part of the Soviet Union, manifested not inst in the secrety of nothing appointment of that hope which led to the creation of alternative "horizontal" structures within the Party — party clubs, direct links between prinomenclature has a paramount reason to resist any dilution of ical movements to act openly as opposition forces, it also lib-erates dissidents in the party Mr Shostakovsky says. "Other mittee. And it even means pos-Surgut: portrait of a Siberian oil and gas town Mr Shotharovsky says. Other structures are being formed, but they are still at a very initial singe. Yet in spite of its well-developed structure and mass memberahip, you cannot say that our party as such is very authoritative. That is the paradox." In 1988, some 18,000 party itively encouraging the estab-lishment of rival parties — by party power. Mr Nikita Khrushchev attempted to reform the Petrochemicals : Prospects for oil and gas production. mary party organisations, out-side the full-time apparatus, which in turn has turned into to think realistically about a sharing party buildings with Environment ... just in the secrecy of polling booths, but out on the streets. nomenclature from above, and was eventually overthrown by it. Mr Mikhail Gorbachev is That is the programme the Democratic Platform is promo-ting, and Mr Shostakovsky In 1989, the great debate was whether the Communist Party the Democratic Platform. Many see that organisation as the nucleus of a future Social Demestablish an executive presidency is the one with the most dramatic practical conse-New wave of Soviet films attempting to reform it by deliberately encouraging pre-sure from below. It is proving a far more effective strategy, but one with the ever-present dan-Restructuring the industry. would remain a monolithic ruldoes not seem to see much In 1988, some 18,000 party members handed in their cards ing party, or become a genu-mely pluralist party, with openquences, for it frees Mr Gorba-chev himself, and therefore the ocratic Party, divorced from MINCELLANY the CPSU. Mr Gorbachev himself only "I think that if this proonly a tiny proportion of its 18m plus membership. Lest year, the number increased tenfold, Mr Shoetakovsky said, although the figures have yet Soviet government, from real party control. The Polithuro will exist no more, and he can choose his own cabinet instead A business guide disagreements within its gramme is too long drawn out, there may not be a 29th party congress," he said. felt confident enough to tackle the party bureaucracy head on in February — after the wind of change had swept away the ger that it will not stop with the nomencloture. Ever since the 19th Commu-TEditorial Production Knozem Merchant to accommodate the rebellious □Cover Illustration Mark Thomas □Design Andy Chappin: non-Russian republics. In that way, it was argued, it might Robin Coles OGraphics Graham Lever nist Party conference in June BUILDERS AND MANAGERS GEARING UP TO MEET THE HISTORIC CHALLENGE: A COMMON EUROPEAN HOME

Bouygues Group headquarters, a reference in the field of intelligent building design and engineering. Challenger- I avenue Eugène Preyssmer - 78061 Saint-Quemin-cus Yvelines (France) - Tel.: 33.(1) 30.60/28 (1) Telex: 689/060 - Fax: 53.(1) 30.60/48.61



John Lloyd examines how the unity of the Soviet state is being torn apart by ethnic nationalism

A melting pot rapidly coming to the boil

*Ethnic sentiment and cohesion are the quickest catalysts of effective new association. Nationalism steps into the space vacated by ideocracy.'

Social Anthropology, Cambridge University, September

IT IS impossible to describe the turmoil in the Soviet republics and among its nationalities in other than dramatic terms. In the past three years - popular fronts timorously began in 1987 - the unshakeable unity of the Soviet state, the project of creating homo sovieticus, the central grip by Party and min-istries on the economies and societies of 15 republics and 100 ethnic groups have been weakened to the point where these concepts and powers can no longer either be invoked or used, except in extremis - as when Azeris and Armenians kill each other.

■ The Baltic states of Estonia and Lithuania have already, in effect, declared themselves independent by renouncing the "agreements" which incorporated them in the Soviet Union 50 years ago; the third, Latvia, is likely to follow. Their nationalist leaders — they are very often communists, indeed, in Lithuania, the communist leadership is nationalist – speak now not about greater speak now not about greater autonomy, a loosening of the central plan, a greater cultural diversity, but about Soviet troop withdrawals, separate currencies and a Baltic federa-tion with the Scandinavian countries, Poland and (a united) Germany. The multi-party system is an established fact in all three. Indeed, these parties will have gone to the polls before any of their fellow parties in the East Euro-pean countries, with the par-tial exception of Poland.

Of the three Transcaucus republics, two - Azerbaijan and Georgia - have in the past 12 months seen blood shed in their capital by Soviet troops. This has vastly increased the standing of the nationalist ridden as it is in both repubics. The tragic Armenians per-haps still need the Soviet guar-antee of their borders as much as ever. But there, too, the clamour for the return of Nagorno Karahakh from Azerbaijan control after 70 years

Ernest Geliner, Professor of

Estonia; March 18 1940 Georgia: March 25 Kazakhstan: March 2 Latvia Latvia: March 18 1940 & Azerbuljen postponed due Lithuania to conflict) Belorussia Ukraine 1940 Kazakhstan Armenia 1920 Kirgizia 1921 Azerbaijan 1920

Fluesie: Russien 82.6; Tatar 8.6; Ukrahian 2.7; Chavesh 1.2; + more from 100 other rewile: America 89.7; Azeri 5.5; Pussion 2.3; Kord 1.7%. (juny: Azerl 76.1; Pausian 7.9; American 7.9.

Usola: Belorussian 79.4; Russian 11.9; Polish 4.2; Ukrainian 2.4; Jewish 1.4. Via: Estorian 64.7; Russian 27.9; Ukrainian 2.5; Beloru Finnish 1.2. gle: Georgian 68.8; Armerien 9.0; Fuseien 7.4; Azeri 5.1; Oseelian 3.3; Abkhazian 1.7. Ethnic breekdown (%)

Carreldveterr: Fuseien 40.8; Kazaldy 36.0; Ukralden 6.1; Tater 2.1. Kirgizin: Kirghiz 40.7; Russian 22.0; Uzbek 10.8; Limbian 2.6; Yatar 1.7; Latria: Latria: 50.7; Rodan 32.6; Belanumian 4.5 Polish 2.5; Ukraksian 2.7;

Lithuenia: Linumien 80.1; Rueden 8.6; Polish 7.7; Belona Moldaria: Moldaria: 63.9; Utrainien 14.2; Rueden 12.6; Gegezzi 3.5; Jewish 2.0; Bulgarian 2.0. Tajikistan: Tajik 56.8; Uzbek 22.9; Rueden 10.4; Taiar 2.1.

Turkmenia: Turkmen 68.4; Russian 12.6; Uzbak 8.5; Kazakh 2.9. Ukrainis: Ukrainien 73.6; Pusaten 21.1; Janish 1.2; Belorussian 0.6; Moldavian 0.6; Polish 0.5, Uzbekietan: Uzbek 68.7; Russian 10.6; Tatar 4.2; Kazakh 4.0; Tajik 3.9; Kara-Kaiphak 1.9.

keeps their nationalist ball rolling while popular senti-ment selves on the menticiency of the relief efforts for the sur-vivors of the Armenian earthquake 15 months ago, and of the inability of the central power to stop Azeri massacres of Armenians. Central Asian nationalism is

beginning to show itself, in the Azeri and Tajik riots of January and February, and also in the relatively quiescent repub-lics of Kazakhstan, Uzbekistan Kirgizia and Turkmenia. Thes are poor, rural republics. They have high rates of unemployment, and Communist parties which have lagged in democra-tising either themselves or the society. Now, their intelligentala demand an end to slug-gishness and the creation of distinctive identities. Less pacifically, agitation against Armenian refugees has been reported outside of Azerbaijan and Tajikistan and there are indications of a gathering anti-communist, perhaps Moslem-fundamentalist, movement. in the Slav nations of Belorussia, Russia and Ukraine making up more than 70 per cent of the Soviet population — slow but powerful movements are struggling to find expres-sion. "Nationalism", says Mr Ivan Drach, leader of the Rukh (popular front) movement of the Ukraine, is the euphoria of the last part of the 20th century. We are speaking of an

independent sovereign personality in an independent Ukraine." His movement's young economists say the Ukraine, with its granary, could find a richer place on the world market than it currently commands on the Soviet one.
Russian nationalism is often

assumed to be the most powerful of all, not just because it is that of the dominant nation but also because it has such powerful, pre-revolutionary roots — in the Orthodox Church, in the Russian impe-rial tradition, in the peasant culture and in that side of the Puscian cultivation has been Russian spirit which has been for contuctes and western On one extreme, much high-lighted by western and Soviet

media, is Pamyat ("Memory"). On the streets it is capable of violence and is deeply anti-Semitic. Its leader, Mr Dmitri Vasiley, receives visitors in a wast flat hung with icons and Transhilla, wearing a military shirt with Transist emblems while protesting his willingness to fill a reconstituted Romanov — Vasilev — throne. Their fielding stormiroopers not be numerous but may not be numerous but there is a wide body of opinion which thinks Russia has been suppressed and pillaged for decades, and that the process

goes on still.

Mr Stanislav Kunyaev, editor of Nash Sovremennik, an increasingly popular journal of

says: "We got Marxism from the West, and that has been a catastrophe. We want to develop in a Bussian way. If other republics want to leave — let them. But they will find that Bussia has for centuries given them everything - its best people, its riches, its pro-tection. This was not an empire like the British or the

insonciant about loss of empire Last month, a group of Congress deputies formed "Unity" association, with eth-nic Russian deputies from the Baltic states in the fore, in order to "counter Russopho-bia" and maintain order. ated in the awakened public mood for de-imperialisation. Russians have been used to imperial area for centuries, in a way which the citizens of other imperial powers – even those which were contiguous, like the Turkish and Austro Hungarian, rather than far-flung, such as the British and French – did not.

of a constituency could be cre-

Uzbekistan

Kazadhatan

Belorussia

Azerbaijan

Georgia Tajikistan Moldavia

Turkmenia

Towns shown are those

with a population

Dates in boxes

joined union.

indicate the year in which republic

Armenia

16.5

10.2

7.0

4.3

3.7

There are 147m Russians in the other republics, and 25.2m citizens of other republics in Russia. Latvia is only just over half Latvian; Kazakhstan is only one third Kazhak. The legislators will try to

appear before the Supreme Soviet in the current session, thrashed out by a drafting commission under Mr Georgi Tarazevich, a former President of Belorussia.

The most salient bill, that which provides a right of departure from the union, allows secession by referendum on a turnout of 75 per cent. The Supreme Soviet must ratify that, but a large vote in favour will, in practice, be impossible to override. Other bills allow greater economic autonomy and extend language and citizen rights. Mr Tarazevich says: "I don't know how many states will use this right. Perhaps it will concentrate their minds on a subject which

is now not fully thought out." This may be so. Mr William Smirnov, director of the political studies department of the prestigious Institute of State and Law in Moscow, says: "Our society avoided disintegration in the past because it was held together by fear. Now, at this stage, everyone wants to find something negative to say about the centre. But in two or three years time. when the constitutional changes take root, it may be quite different. Even in the Baltics, they are beginning to realise that, economically, it will be difficult to disentangle themselves. Indeed, the Central Asian republics may be harder to keep. These societies are really quite different from the rest of the Soviet Union."

The economic ties will be the hardest to break, as the east European countries, enmeshed in a Comecon net which they hate but which also provides some (dwindling) protection from the rigours of the world market, are now realising

The Russian nationalists are right in this respect: Russia has provided and still does pro vide the necessary energy and raw materials for much of the rest of the Soviet Union. There is a perfectly good case to be made, by Russians, that they would be better off without many of the republics, particu-larly at a time when they are having to make costly concessions to keep them in the

But on their side, could these inefficient and sluggish economies really achieve any kind of independence? Or had they best throw in their lot with the ever receding prospect of a successful perestroiks, and settle for the half loaf of autonomy? As the results emerge of the republican and local elections currently under way, the months shead will see the start of such a reckoning.

BASF in Moscow

187

Innovative for 125 years

We are an internationally

active chemical company

than 160 countries.

headquartered in the Federal

As long ago as 1874, shortly

company 125 years ago, we set

up a branch office in Moscow,

and three years later a produc-

tion plant went on stream.

Since then, the name BASF has stood for innovation, quality and reliability.

after the founding of our

in all sectors of modern chemistry.

efficient solutions to problems

A dynamic partner

Last year, BASF achieved worldsales of more 47 billion. in Republic of Germany. We have than DM business connections in more with our 1989, trade partners in the U.S.S.R. amounted to

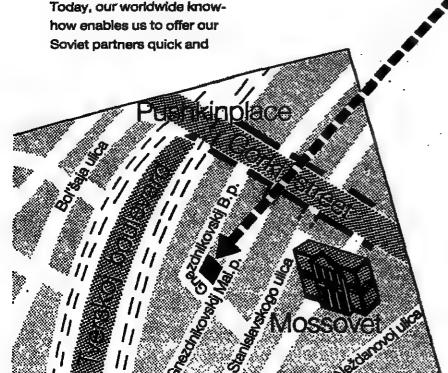
almost DM 1 billion. The Soviet Union is an important growth market for us. We are also one of the biggest customers for Soviet naphtha in Western Europe.

Cooperation will be expanded in future to the benefit of all concerned.

Cooperation with a new address

Call on our expert advice for your projects and problems. You can always reach us in our new offices in Moscow.

990



Agency of BASF in the U.S.S.R. 103009 Moscow B. Gnezdnikovskij per. 7 Tel.: 200-21-85/200-27-49 200-25-38/200-31-23 Telefax: 200-02-06 Telex: 413167 basfsu

BASF Aktiengesellschaft D-6700 Ludwigshafen

BASF

TO SEE ENSO, READ BETWEEN THE LINES



very year Enso makes enough newsprint for well over a billion newspapers. Probably including yours. Enso touches your life in everyday ways.

In 1989 net sales of Enso Publication Papers were well over 400 million US dollars"). This success is the result of Enso's strong marketing organization, the development of high-quality products: based on first-class raw materials, and advanced production methods. Enso newsprint has established a name in many global markets for reliability and quality. It is ideal for printing, in both colour and black and white, on modern, high-speed printing presses. Solaris, Enso's mechanical, machine-costed paper, was developed especially for 4 colour magazines and direct mail use.

Solid, steady growth

In 1989 we supplied 2650 million dollars worth of pulp, paper, board and wood products. That's over 9% more than in 1988.

There are good reasons for this growth: continuous development of new products and production technology, close links with customers, and know-how covering the entire process from our own forests to our international sales organization.

Uniting all these is a common theme: every Enso product is developed to meet the needs of customers and consumers in a changing market.

7 1 USD=4.0 FIM

The elephant and THERE can be few parts of the USSR where the yearning for maximum independence from Moscow is so strong as it is in the mouse

AT ONE end of Europe the 12 members of the EC are talking about economic and monetary union. At the other end Estonia - the smallest of the Soviet Union's 15 republics plans to introduce its own currency, the kroon, perhaps by the end of this year.

Justifying this step, Mr Rein Otsason, president of Estonia's embryo central bank, the Bank of Estonia, says that a new cur remay is needed to free Ratonia from the currency crisis of the Soviet Union. But he also sees the plan as a way of facilitat-

ing external trade. What Mr Otsason plans is an independent currency, with the Bank of Estonia as a true con-tral bank. A network of commercial banks is to be set up, while local branches of the main state banks will also become commercial banks

within the new system.
Roubles that are held by people in Estonia in the Savings Bank of the Soviet Union on a date still to be determined will be exchanged for kroons. Cash will also be exchanged, up to a pre-specified limit.
Difficulties will arise in rela-

tion to the allocation of Soviet foreign assets and liabilities, but these can perhaps be resolved since they are essan-tially political. More fundamental, however, is the issue of convertibility, which is inescapable because a completely inconvertible currency is senseless for a republic with a population of only 1.6m.

For his part, Mr Otsason hopes for soft-currency settlement with the rest of the Soviet Union, pointing to the clause in the law on the economic independence of the Bal-tic republics, which states that "the rouble is to be used as the basis of inter-Republican settle-

- 2

1 1 1 4 4 <u>4</u>

if the kroon were convertible into the rouble (but not convertible into hard currency) and securely backed by com-modities as well, its price is likely to be driven up by peo-ple desperate for any haven of value. This pressure would both drain kroons from the Estonian economy and make within the Union. The Esto-nian authorities would need to limit holdings of the kroon in the rest of the Soviet Union, in

which task they would require the active co-operation of

Moscow. None the less, a currency enjoying such limited convertibility into the rouble, but virtually no convertibility into foreign currency, might be workable in intra-Union commerce, though the uncertainty attendant on a floating exchange rate would have to

If the kroon were convertible into hard currency, it could not be convertible into the rouble as well Otherwise, its bard currency convertibility would be desiroyed within an hour. In this case, the organisation of a decentralised system of trade, other than on the basis of settlement in hard currency, would not seem feasible.
Could Estonia hope to survive cut off from the Soviet

Union by the hard currency wall? Many doubt it, But these doubters confuse self-govern-ment with self-sufficiency. As a low wage economy by European standards, Estonia could well prosper in the long term. Nevertheless, the process of adjustment would be agonis-ing, in the absence of foreign assistance, since only 3 per cent of Estonian industrial pro-duction now goes outside the Soviet Union.

Estonia has a choice it can either introduce a slightly bet-ter rouble — another currency that is inconvertible into foreign exchange — and so try to preserve its extensive exchange with the Soviet Union; or it can attempt to create a convertible currency, so cutting itself off from the

In the short term at least, In the short term at least, hard currency convertibility seems unrealistic, Furthermore, economic links to the Soviet Union cannot lightly he broken over night. Perhaps Moscow could be persuaded that accommodating the kroon within the mubble area to the within the rouble area is the only way of securing returns on past investments made in Estonia. Neither side will be happy with this compromise. It is easy to envisage Estonia out-side in the cold in the near future, with independence, a new currency, its hopes — and little else.

Georgia, the southern republic whose spectacular mountains, lakes and Black Sea coast have. nurtured a civilisation of extraordinary depth, wealth

and antiquity. This longing for freedom once vaguely felt and inchoate, once vaguety test and incheste, hardened into a quiet, sin-gle-minded determination after the events of last April when troops wielding poison gas can-isters and sharpened shovels massacred at least 21 peaceful

But at the same time, there can scarcely be another Soviet region with such a fine talent for observing the formalities of subservience to the Kremlin while quietly doing its own

thing.
Thus billboards in Russian and the ancient script of Georgia nestle among the pine and cypress groves on the main road into Tullisi, orging citi-zens to "fulfil the decisions" of the latest Party congress with a farvour that looks nelve and quaint to the visitor to

But in Thilisi's richer neighbourhoods, with their elaborate balustrades of wood and

April massacre hardens resolve

wrought iron, residents seem unimpressed by the debates that are raging in the Moscow legislature over whether to establish in law the right to

private property. This is because in Georgia, a flourishing market in real estate exists already, with houses and flats regularly changing hands for several

million roubles apiece.
"No one working with official data alone would find it easy to determine how this is possible in a city where work-ers in its many light industries earn no more than Rhaso roubles a month, and practitioners of "skilled" professions such as engineering or medicine may well earn even less.

One reason for the amount of wealth in private hands is that in spite of collectivisation, enough of Georgia's rich orchards, vineyards and arable lands remain under private control to boost living standards in the cities to levels hard to imagine in the

depressed Russian heartland.

To the indignation of many educated Georgians, one of the most powerful legends associated with their republic in the minds of other Soviet citizens is that of the fabulously rich Mafioso, friend and paymaster of corrupt officials, exploiter of shortages, trader across the Soviet Union in agricultural and other goods.

Mr Eduard Shevardnadze, the Soviet Foreign Minister who arouses ambiguous feelings among his Georgian compatriots, is credited with waging a bitter battle against some of the leading Maña clans during his grall as party which is ing his spell as party chief in Trilisi, at considerable risk to

Some local nationalists argue that the Mafia simply represent a distorted form of the legitimate capitalism that would have flourished in the absence of Soviet power, and will one day flourish under an independent Georgian govern-ment which regulates, but does not run, the economy.

It has to be said that Georgia

 in contrast with the Baltic states - is hard to picture as a would-be Sweden, a super-efficient paragon of rationality and transparency in its economy and public life.

The Georgian model is altogether more southern: its 5m citizens are linked by a web of petty corruption and favourswapping that entitles hum-blest of citizens to boast about his friends in official places. It is hard to see any form of independence changing this. But at least in the short

term, this Georgian way of public life is probably compatible with considerable skill in economic management economic management - and certainly compatible with the forging of links, human and economic, with rest of the world, for which Georgians The Soviet-Austrian consur-

thum which has already con-structed a helicopter ski resort and is now building the first hotel in Tbilisi to meet international standards provides a spectacular example of what these links can mean in practi-

Given the Georgians' human and natural resources, their talent for observing form and ignoring substance, and their skill as middlemen, might they

Mikhail Gorbachev's offer of "economic and political inde-pendence" within the USSR, if only as a transitional stage?

Or did the April 9 massacre, which remains a touchstone issue for radical Muscovite politicians and continues to provoke public arguments in the Polithuro, show that the only appropriate response to Soviet authority is to campaign, peacefully but relentlessly, for its overthrow?

These are the terms of the discussion that is going on among ordinary Georgian citizens, and between the two sides in Georgia's semi-public debate: this pits the so-called "informal" groups - led by veteran dissidents and former political prisoners – against liberal members of the dwind-ling local Communist Party and the Popular Front.
Elections to the local

Supreme Soviet on March 25 will provide an important test of the relative strength of the two sides: the 'liberal commu-nists' and their allies are contesting for seats, while the informal groups are calling for a boycott

The informal movement is weakened by its lack of access to printing presses and the

state media; and also by the cool relations between the young leaders of the National Democratic Party and Mr Zviad Gamsakhurdia, head of the Helsinki Union and the grand old man of Georgian disddents

But Mr Gamsakhurdia and the NDP (which favours liberal democracy, with Orthodox Christianity as the state reli-gion) agree in asserting that full, early independence is the only issue worth discussing.

Ms Irina Sarlshvili, press secretary of the NDP and wife of its president Mr Georgi Chanturia, said shortly after the April 9 massacre that she believed in Georgian indepen-dence in the same desperate way that a mother believes her sick child will survive, whatever the doctors say.

Ten months and many street demonstrations later she is equally determined and less ssimistic: "the child's health somewhat better" she

Henry Cleary

Slowly rumbling

IF ANY individual republic gives an idea of the vastness of the Soviet Union it is Kazakhs-tan. With a land area five times that of France, this huge territory straddles the empti-ness of Central Asia from above the Guif to New Delhi. North-south, it stretches from the Siberian steppe to the foot-hills of the Himalayas.

It is a republic at once so erted that it was chosen for the Semipalatinsk underground nuclear testing ground, and so colourful that Alma Ata, the state capital, ranks as one of the Soviet Union's most spectacular cities, nestling against a panorama of jagged anowclad peaks.

Kazakhstan is not a republic

that has hit the headlines with stories of nationalist unrest or independent urges. It is too dif-fuse for that: there are nearly 100 different nationalities with the Kazakha themselves accounting for barely 40 per cent. But Kazakhstan has been Martin Wow | rumbling none the less.

The focus has been the republic's huge natural wealth: coal, minerals, oil and agricul-ture all of them developed on a

grand scale through the Soviet central planning system.

Local resumment at that a seen as the plundering of the republic by its Russian neighbours has been mounting. The temperature increased last year with the replacement of the (Russian) party secretary by a bright and outspoken Kazakh economist, Mr Nursul-tan Nazarbaev. Although viewed very much as a Gorba-chev man, he has called for greater local economic autonomy for the Kazakh republic. Mr Nazarbaev has been care ful to temper these calls with assertions that Kazakhstan intends to remain in the Union.

over into strikes and riots.
"We produce wool which we sell to the Russian republic for Rbs5 a kilo, and they turn it into a suit which sells for Rb2300," says Mr Feeder Igna-tov, the editor of the local party newspaper, Kazakhstan-skaya Pravda. "That's what

But he has struck a clear chord for the republic's 16m people

whose frustrations with food

shortages and often appalling living conditions have spilt

makes people cross. To the extent that there is nationalism in Kazakhstan, it found its strongest expression last year in a new law which made Kazakh the official state language. But implementation has had to be phased in over several decades because of

shortages of Kazakh teachers. There is also a strong local environmental movement which has political overtones, and has focused particularly on the dedocation of the Aral

tahing sign of popular feeling to have emerged from Kazakhstan is the so-called Nevada Movement. This is an alliance against nuclear testing iocused on Semipalatinsk whose objectives and vociferousness would have been inconceivable in pre-Gorbachev days. Such is the strength of feeling that both Kazakhstan's Communist Party and the Communist Party and the republic's parliament now sup-port the closure of Semipalatinsk. Moscow has responded that nuclear tonis are vital to national security. But it has promised to heed local con-

David Lescotion

THE pressures of economic fragmentation are rippling, as yet gently, through the Belo-russian republic.

In January the republic began an experiment with regional cost-accounting which gives it limited independence from Moscow. The experiment could be an important test case of whether Moscow can design an economic system capable of both accommodating and mod-erating regional demands for full economic independence. Belorussia did not suffer as

badly as many other republics from the years of stagnation during the Brezhnev era. In 1975 its national income was 15 per cent below the average. By this year it will be 15 per cent

above the average.
The improvement in economic performance has been sponsored by a conservative, technocratic Communist Party leadership, which has allowed somemic innovations to flower beneath its wing. Belorussia was one of the places President Mikbail Gorbachev looked to

Mikhail Gorhachev looked to when framing his economic policies in 1985-86. Large parts of Belorussia have been turned into waste-lands by the aftermath of the Chernobyl disaster in 1986. The

Tide is turning

increasingly powerful Belorus-sian Ecological Union, which plans to become a fully fledged party, says that more than 300,000 people should be evacu-ated from contaminated areas. The union, which sprang into life last year with four mass rallies in Minsk, wants the Chernobyl clear-up made the republic's top priority, according to Professor Yevgeni

Petrayaev, its vice president. The republic's supreme soviet has adopted a six-year Rhs17hn programme. But Pro-fessor Petrayaev estimates the full cost of a proper programme would be at least

Belorussia is one of the main manufacturing areas in the USSR. It produces a sixth of the USSR's tractors, and 80 per cent of its televisions and refrigerators are exported to the rest of USSR and a third of all furniture and footwear. Mr Georgi Badei, deputy chairman of the Belorussian state planning commission.

admits the republic's adminis tration is under pressure to keep more of the consumer goods output for the republic's consumers and export less to

the rest of the union. Republican cost accounting or self guiding as the Belo russian authorities like to call it — is meant to address and control these growing strains in the republic's relations with

the rest of the union. Mr Badei believes more rad cal economic policies will develop Regional cost accounting is likely to mean Belorussian enterprises will have com-plete flexibility over pay and new taxes, for instance on pol-lution, may be introduced.

Professor Petrayaev says regional cost accounting should lead to a more active republican approach to the environment and industrial

Mr Yevgeni Onegin, director of Planar, a Minsk machine tool plant, voiced the main concern of business: "This will just be a transfer of ministries from Moscow to Minsk regional planning and control rather than central planning

Charles Leadbaster



ANYONE WHO CLAIMS TOTAL EXPERTISE IN SOVIET TRADE IS A STRANGER TO THE TRUTH...

THE TRUTH IS...

there is a Buyer who has roubles or some other Soviet raw material and a Seller who wants guaranteed payment in Deutsche Marks or in U.S. Dollars.

THE TRUTH IS...

that the buyer in Moldavia or Frunze or Tashkent wants the Italian packing machine but can only pay in tomato paste or frozen fruits.

THE TRUTH IS...

that the Soviet Market which was hitherto a difficult but rewarding market for the committed is now showing signs of opening up but is presently in the throes which necessarily precede any major

THE TRUTH IS...

that there is no substitute for On-The-Spot Contact, Marketing and Follow-up.

WE AT PHOENIX WITH FOUR FULL-FLEDGED OFFICES IN THE SOVIET UNION OFFER:

- REPRESENTATION SERVICES JOINT VENTURE CONSULTANCY FINANCIAL ENGINEERING SWITCH TRADE VERIFICATION OF THE EXPORT AND IMPORT LICENSES OF VARIOUS SOVIET CO-OPERATIVE'S OR JOINT VENTURES SO THAT YOUR TIME IS NOT WASTED.
- ▶ Hides and Skins ▶ Personal Computers ▶ Home Entertainment Electronics ▶ Metals and Commodities ▶ Tyres and Tubes ▶ Medical Equipment ▶ Engineering Goods ▶ Turnkey Construction ▶ Plastic Raw Material ▶ Equipment for Railways ▶ Shoes and Shoe Uppers ▶ Detergents and Soaps ▶ Garments
- ▶ Steel & Aluminium Castings ▶ Energy & Process Control Panels. ▶ Circuit Breakers ▶ Injection Moulding Machines ▶ Paints and Dyes ▶ Cosmetics and Toiletry

▶ Components for Consumer Durables like Refrigerators, Food Mixers, Washing Machines etc.

YOU MAY ADDRESS YOUR QUERIES TO OUR HEAD OFFICE IN NEW DELHI.

3RD FLOOR, GOPALA TOWER, 25 RAJENDRA PLACE NEW DELHI-110 006 - INDIA TEL: 573 4952/3/4 FAX: +9111-575 1937/8 11Y: 3465997 PXHQ IN

OFFICE NO. 508, WORLD TRADE CENTRE 12, KRASINOPRESNENSKAYA NAB.

LENINGRAD OFFICE NO. 89, 8/46 ROBESPIERA NAR. (FNINGRAD, USSO) TEL: (7812) 272-84-82 FAX: (7812) 272-54-52 TEX: 12H MOT THE ED

55 KRASNOARMESKAYA KOEV, USSR. TEL: (7044) 2207602 FAX: (7044) 2208623 TLX: UMARS PSETY SE

TASHKENT "UZBEKLES" COMPLEX. TEL: (73742) 45-93-81 FAX: (73712) 45-93-82 TLX: 116160 PLAS SU

EXHIBITION CENTRE HOTEL, APARTMENT NO. 6123 135 XI ZH MEN WAI STREET BELING, CHINA, TEL: (861) 8346633 FAX: (861) 8021450

TLX: 22286 PXSE CN

ENGLAND THE FARMHOUSE, BUILWICK, NR CORBY NORTHANTS NEN 17 3DY, UNITED KINGDOM TEL: (0780) 85400 FAX: (0.790) 65404

WARSAW UL ARMII, LUDOWEJ

6 M 11,00 571 WARSAW, POLAND TB.: (4822) 213706 FAX: (4922) 213706 TLX: 846706 PXWO PL

BUDAPEST ITC BUILDING, OFFICE NO. 503, BAJCSY-ZSILINSZKY UT 12 BUDAPEST V. HUNGARY, TEL: (361) 1185751 FAX: (361) 1185703 TLX: 226614 FONIX H

PHOENIX OVERSEAS LIMITED MOSCOW

> MOSCOW-123610 USSR 惟: 253-4084, FAX: (7095) 253-9998 TLX: 411813 2572 30

■ WE HAVE CURRENT CONTRACTS EITHER FOR BUYING OR SELLING:

24, REPUBLICAN STADIUM.

49a, UZBBOSTANSKI PROS. ROOM 36, TASHKENT, USSR, BELIING

Ian Davidson examines Mr Gorbachev's efforts to realign the basis of East-West relations

From confrontation to partnership

oped now than they were before the

imposition of communist rule. Soviet officials appear to believe

that Soviet public opinion accepts comparatively philosophically the wave of revolutions in the other

wave of revolutions in the other east European countries, in spite of the implied "loss" of the geo-strate gic gains of the Second World War. But the prospective "loss" of Bast Germany is an altogether more sensitive issue. Soviet officials and analysts disclaim any rational grounds for fearing that a required Germany could reseathly constitute a real mile.

could possibly constitute a real mili-

tary threat in the near future to a nuclear power like the Soviet Union; but they assert that popular

BY COMMON consent, the most remarkable of all the achievements of the wave of reforms introduced by President Mikhail Gorbachev during the past five years lie in the field of foreign affairs. His pressure for far-reaching nuclear and conventional arms reductions is being rewarded by rapid progress in the Geneva and Vienna negotiations, while in the eyes of the rest of the world his diplomacy of compromise and sweet reason is transforming ond effect of his policy of glasnost and reform has been a blow to the reputation and influence of the Soviet Union out of all recognition. The Soviet Union has always

the Soviet Union. en an ideological power, in which In two respects there is a direct ideology and policy were insepara-ble, and in which the ideology took parallel between the effects of Mr as its starting point an inevitable Gorbachev's reforms of domestic and foreign policy. In the first place, the old model has been discarded hostility between communism and capitalism. As a matter of principle that has now changed. It is Mr Gor-bachev's aim to shift the Soviet before any reliable replacement has been articulated: the foreign policy relationship with the West from confrontation to partnership, with the Soviet Union taking its place in of superpower dialectic and ideolog-ical confrontation has been thrown cal confrontation has been thrown out before there is a working agreement on a less highly-charged alternative foreign policy.

The second parallel is more disconcerting, and it is the widespread expression among Moscow intellectuals of disillusionment and disgust the world community as a country like any other.

In reality, however, the shear size of the Soviet Union is living proof that it has not been, and is not now, a country like any other, since it attests to a scale of geo-strategic with the past. Just as it is now expansion up until a very recent customary to denigrate the shortcomings of the economy and the failures of the political system, so it past, which culminated in the creation of the world's last colonial empire. Many years will doubtless have to pass before the legacy, first of Tsarist autocracy, then of Stalin has become a mark of sophistica-tion to dismiss with disdain all the previous geo-political claims of the Soviet Union in the world. At the level of idle conversation, and the Stalinist system of govern-ment, can be effaced: and before Mr it is disconcertingly common to hear educated Russians mock the grotesque and overblown preten-Gorbachev's apparent aim, of a stable pluralistic democracy with a technologically advanced economy,

can be realised.
Inside the Soviet Union, the first sions of their country, describing it as "a Burkina Faso with nuclear weapons". At the level of serious effect of Mr Gorbachev's policy of



inside the Soviet Union, the first effect of Mr Gorbachev's policy of

IN THE past five years the Soviet Foreign Ministry has

The centrepiece of this took

place last May when President Mikhail Gorbachev made an

historic visit to the Chinese

capital, sweeping away 30

years of deep mutual suspicion and animosity between the two

communist giants.
This process of normalisa-

tion got off to a shaky start when hundreds of thousands of

Chinese demonstrators jammed the streets and halled.

Mr Gorbachev as a symbol of

democratic reform, to the embarrassment of both the

Soviet delegation and the Chinese authorities.

The Chinese remain deeply suspicious of Mr Gorbachev's

political reforms at home, and

worried by the upheaval in eastern Europe and Mr Gorba-

chev's response to it. The Sovi-

ets were plainly shocked when

the Chinese army brutally crushed the peaceful, mass pro-test in Tiananmen Square which gathered force through-

Yet the depth of Chinese and

Soviet reconciliation was

proven when neither side

allowed these differences to

interfere with a broad process

"There was a principle that we are quite different, but that

differences of opinion should

not interfere with our relation-

ship," says Mr Mikhail Titar-

out Mr Gorbachav's visit.

of improved relations.

discussion with Soviet officials and analysts, it is equally disconcerting to hear the Soviet Union described

as "a former superpower."

In purely rational terms, a profound re-evaluation of the Soviet record in the world was of course long overdue. The political and eco-nomic balance cheet of Soviet backnome talance start in Sovet Card-ing for the left-wing regimes in Cuba, Vietnam, North Korea, Angola, Mozambique, Libya, Syria, Ethiopia and finally Afghanistan, is

universally unimpressive.

The record of Soviet policies in eastern Europe is even more dismal, considering that some of these countries are relatively less developinion in the Soviet Union is still allergic to the spectre of German militarism, and is still not reconclied to German reunification, because it was the division of Germany which was to compensate the Soviet Union for the loss of 20m dead in the struggle with the Nazi regime, and to insure against another such war. The ordinary Soviet citizens may previously have felt compensated for the hardship of daily life, by the

knowledge that the Soviet Union had played a leading and heroic role in the defeat of Nazi Germany and pride that it had since become a nuclear superpower.

The consequence of Mr Gorbachev's new foreign policy, with its search for a broadly-based reconciliation with the West, is that the terms of the Soviet Union's external relations have been radically altered in at least three important

First the relationship between

the superpowers has become a less dominating feature of the international scene. In the pre-Gorbachevera, when conditions of the East West relationship oscillated between confrontation and wary detente, the axis of the relationship tended to pass through the two opposing alliances, and even more through the two opposing superpowers: the alliances were com-pelled to unite behind their leaders, and their leaders became the pro-tagonists for the two sides. In the new era of declining perceptions of military threat, in contrast, the alliances have ceased to be the central interface for the East-West relationship, and the essential dialogue does not pass exclusively between the superpowers.

same token, is that nuclear weapons have become a less important currency in the East-West relationship during the Gorbachev era. In the past, because of the underlying assumptions of their military confrontation, the highs and the lows of the US-Soviet relationship were essentially defined in terms of nuclear weapons.

One of the dominant characteristics of the Gorbachev era, is that a far-reaching reduction in East-West tension has been accompanied, and indeed partly brought about, by spectacular progress towards the first-ever deep cuts in nuclear weapons. Paradoxically, however, nuclear weapons are becoming less central to the East-West relationship, because the relationship is itself becoming less confrontational

and less military.

Before the end of this year, the two superpowers should have concluded a Start treaty which will cut cinded a Start treaty which will cut strategic nuclear arsenals by a notional 50 per cent. The military significance of such a cut will be marginal, considering the enormous size of the arsenals which they will still retain; but most of the political significance will have been achieved early on, in the confi-dence-building expectation of such

Conversely, nuclear weapons will be a less dominant item on the agenda, since the agenda itself has been enormously enlarged, by the choice of the Soviets, who have deliberately sought to expand it to include many previously taboo subover, even a very large reduction in strategic nuclear weapons will be far less significant in security terms

for Europe, than the prospective Vienna agreement, which will eliminate Soviet superiority in conventional forces in such conditions of verifiability as virtually to eliminate the danger of surprise attack

The third innovation, is that the revolutions in eastern Europe have rewritten the Soviet Union's foreign policy priorities, on a scale and at a speed that no one could have imagined even as recently as a year ago. Whether or not this was Mr Gorba-chev's intention - it seems unlikely - the changes precipitated by perestroika and glasnost in eastern Europe, have re-opened all the long-suppressed questions of Europe's political geography, and have put in doubt many of the geostrategic assumptions under-pin-ning the Soviet Union's status as a

It is a safe bet, therefore, that the future of Europe, East and West, will dominate the Soviet Union's foreign policy preoccupations for many years to come.

The main question which seems to be unresolved in Moscow, is what sort of strategic security system to sim for. Three main ideas appear to crop up in Moscow talk: a resuscitation of the old dream of collective and demilitarised security in Europe; some form of condominium derived from the Four Powers Agreements; or a modified syste of strategic balance between East

The appeal of this strategic balance, in which Germany is contained within the European Community and Nato, but security is guaranteed as much through veri-fied disarmament as through arma-

fied disarmament as through armaments, is that it may be the only option which is attainable within the foreseeable future.

At all events, one of the striking features of Moscow talk is the readiness of some foreign policy specialists to recognise that the European Community has political as well as economic strengths which may well prove to be a factor of stability in an unstable world.

EASTERN EUROPE

Trouble in the backyard

In short, he needs US and western European assistance in not looking like a patry — a line which gives some vindica-tion to the view taken by Mrs Margaret Thatcher, the UK Prime Minister, who argues that too rapid endorsement of a united Germany would put too much pressure on the

Soviet Union.
This is the view that sees eastern Europe as a threat; but there is also a view that sees it as an example. "If the eastern Buropean economies, especially Poland, can attain success, then that will greatly help our reforms," says Mr

In Warsaw, Dr Arthur Hamicz, foreign policy adviser to the Polish Prime Minister, will be the worse for them too, he says. Dr Yuri Knazev, head of a section in the Institute of Economics of the World Socialist System, divides the east European countries into "a group which will go towards the West as fast as possible, a group which might manage to achieve a democratic socialist alternative and a group which makes some cosmetic changes but continues as before. The Soviet Union, I fear, may be in

In the responses of policy makers and analysis to the events in east European, there is evident a strain of pessimism which derives not so much from their dislike of what has happened there, but their been of what will or will not happen in the Soviet

There is, at present, little

hope that the economic reforms, stalled more or less explicitly, can work. It is thus assumed that the eastern European countries will as fast as possible strain away from the siling giant, now that they no longer have to protest unshak-seble friendship.

But can they? It is becoming clearer, as work begins on creating institutions to sustain these new regimes, that their m for manoeuvre is limited. First, their fears over their borders - especially with Germany - mean that they

There are people in the Foreign Ministry who would see what has happened as the truction of th **Warsaw Pact**

will continue to look to the Warsaw Pact as a guarantor of the post-war settlement, from which they all did more or less well. Second, their membership of the Council for Mutual Economic Assistance (Comecon). though now seen as something which confirms and deepen their technical and commercia backwardness, is still essential to avoid their more rapid colanse since there are no other Other markets in which they can compete effectively.

Dr Alexander Nekipolov is deputy director of the Institute of Economics of the World Socialist System. Like his colleague, Dr Knazev, he is a pes-simist on the present prospects of perestrolka — but is harshly-realistic about Comecon. For if the events of eastern Europe are a threat, and their experi-ments a hope, then the dissolution of Common is a windfall.
Mr Nekipolov confirms that

estimates have been made which show that the Soviet Union would benefit by some \$10bn from the transfer of Comecon trade into hard curcomecon trade into naru cur-rency — a measure the Com-econ congress in Sodia in Janu-ary agreed would proceed in stages. The Soviet Union will be able to sell its raw materials on the world market and also shop on that market for capital and other goods of better quality, but perhaps at no higher price than Comecon can pro-

"Our enterprises already have \$25n in hard currency they can spend freely, and litcountries," says Mr Nekipolov. "So you see what effect liberalising trade entirely would

This is dramatic - the more so since the more advanced the country, the more it depends on the Soviet market. Forty per cent of all East German production and 70 per cent of all Czechoslovak engineering exports are destined for the USSR. Figures first produced for the US-based PlanEcon group, and verified by the institute of Economics of the World Socialist System, show further that between 1970-84 each Soviet citizen paid \$4,000 to East Germany in subsidy to its industry – an index of how far the prices of East German and other Comecon products exceeded world prices and of how much East German living economically, Comecon was a loss," says Mr Nekipolov. "But

politically it was a gain"
it is this perception on the
part of some of the Soviet governing class — shared with the new east European govern-ments - that Soviet domina-tion since the wer has twisted the economies and societies to such an extent that some reparation must be made which is now gaining ground. "I don't mean reparation in

the sense of payments," says the sense of payments," says of Nekipolov, "but in the sense of letting them down gradually. This will have to be negotiated. But we will agree a gradual phasing in of hard currency, and in that time we hope all of us will make some thing of the transition to the

The Soviet Union and east-ern Europe have passed from a stage of being yoked together in formal fraternity to one where the resentments and - the more so since the ruling elites in at least Poland and Czechoslovakia have been against the Soviet system since their inceptions as opposition

Yet even as there continues to be anti-Soviet demonstrations, and as the newly-turned democratic communists seek to distance themselves from the country they once called Motherland, so the sober thought strikes these countries' leaderships again and again: can we leave Mother yet, even when she will no longer stop us from

John Lloyd

ASIA

Frosty relations begin to thaw

anko, director of the Institute of Far Eastern Studies, which advises the government on Asian affairs. "We are not going to enforce our views on

China and the Soviet Union have not become allies, nor is this likely. They continue to disagree on many regional and hilateral issues. Yet since the Gorbachev

visit, the two sides have exchanged more than 100 delegations at the vice ministerial or higher level. Several previor nigner level stream, such as communist Youth League or direct Party-to-Party relations, have resumed.

Regional, cross-border, economic exchanges have mush-roomed, particularly between the Soviet central Asian republics and the Chinese province of Xinjiang, and between Man-churia and the Soviet Far East. There are now 24 operating joint ventures ranging from a vacuum bottle plant at Alma

Ata to a joint venture restanrant, the Harbin, in Khaba-rovsk, with many more under Some 10,000 Chinese labour-

ers (15,000 according to Chinese statistics) are currently working inside the Soviet Union on various constructionprojects. Migrant Chinese farm workers are active in the Novosibirsk area in Western Siberia.

relationship is an awkward one, because of a lack of convertible currency, and the two-way trade last year was only Rbs2bn, roughly 10 per cent more than in 1988.

Chinese labourers are paid in roubles, and must take their pay home in Soviet commodi-ties - refrigarators or televi-sions - that are often in short supply in the Soviet Union

Local trade is constrained by the need for barter, with val-ues negotiated in terms of Swiss francs. Tourism is also growing on a strictly matched basis in which equal sized groups pass the border on subsequent days, each side paying for the other's expenses in local currency. The two sides will this year consider whether to move the trade to a hard currency basis, although there are fears this could lead to a drop in trade volumes.

Telecommunications links between the two countries are terrible, and transportation links poor, although this is being steadily improved. Flights have begun between

Khabarovsk and Harbin, and direct flights between Moscow and Shanghai will start this year. Consulates are to be opened in Khabarovsk and Shenyang. A rail link between Urumqi and Alma Ata is scheduled to be opened in 1992, built largely with Soviet finance. More steamer routes along the Amur river will link Soviet and

standards depended on the

Chinese cities.
Visa procedures have been simplified, with visas elimi-nated for business travel. Eight new border-crossing points are being opened up, to add to the

existing 15.

Perhaps most impressive of all, delegations at the "expert" level, consisting of five military officers and five diplomats, sat down for the first time in Moscow last November. to discuss how to build confidence along the border. The discussions continued in Peking in mid-February. Soviet diplomats believe the

improved atmosphere had led the way towards a possible set-tlement of the Cambodia con-flict, in which all parties are now actively meeting. China and the Soviet Union back opposite sides of the conflict but have together played a key role in fostering possible UN involvement in a settlement.

with Soviet troops stationed in Cam Rahm Bay, Vietnam, pulling out, the path has been cleared for further improvements in ties with South-east Asian nations, where Mr Nikolai Ryzhkov, the Soviet Prime Minister, has recently made a

The Soviets have also been

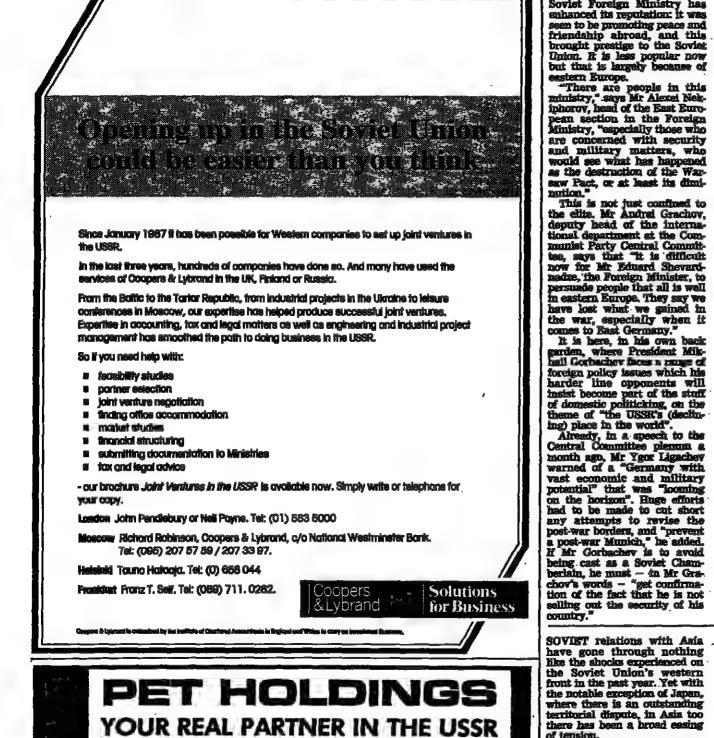
stepping up trade ties with South Korea. Although politi-cally they stand firmly behind their North Korean ally, they would plainly like to see more dialogue and further easing of

tension on the peninsula.

This leaves Japan as the outstanding deadlock. Mr Ryzhkov's recent suggestion that Tokyo and Moscow shelve their territorial dispute in the interests of improving political and economic relations was promptly rejected by the Japa-nese. It is clear that no Japanese government can afford politically to give up claim to the four Kurile Islands which Soviet troops occupied after the Second World War.

Officially the Soviet stance has not budged — that there is no territorial dispute to be discussed. However Mr Gennadi Gerasimov, the Soviet foreign ministry spokesman, recently created an odd twist to this issue when he said that some Soviets were arguing in favour of giving back these small islands (which have a strategic importance because they spen ice-free winter sea lanes to the naval port of Vladivostock).

Should that happen Soviet relations in Asia, which have been a source of frustration for many years, will have been transformed completely.



PET HOLDINGS YOUR REAL PARTNER IN THE USSR - Fruitfull business relations with Soviet Organizations for 23 years - Technology transfer in both ways A refinary and two chemical complexes in Turkey with total project value of 400 mio \$ A 500 bed surgical hospital in Novokuznetsk, Siberia with total turn-key project value of 70 mio \$ in co-operation with German and Austrian companies Commercial transactions in both ways Import of investment goods with a total value of 50 mio \$ Export of all kinds of goods to the USSR with a minimum annual turn-over of 10 mio \$ 18 light industry and 4 social investment turn-key projects in negotiation 3 Joint-venture companies in the USSR A Turco-Soviet Business Center in Moscow.

hattan Cardonal No. 53 05700 Gaste

W. GERMANY: Schillerstrasse 58 6451 MARQUAUSER Phone: (NELES) 22 606 + Fac: (NELES) 28 970

imbpresmenskaya Nab, Hotel Much w 12 36 10 USSR

Physics (7.695) 263 92 51 - Page (7.095) 263 92 32

Phone: (80.4) 136 12 84 (4 Lines) • Fax: (90.4) 136 29 34 • Teles: 42105 Per Tr.

ANKARA-TURKEY

Farewell to arms

EVER SINCE President
Mikhail Gorbachev came to
power five years ago, his "new
political thinking" in foreign

Talks in Geneva. power five years ago, his "new political thinking" in foreign policy has been driven by the triple objective of détente, de-ideologisation and disarmament. The achievements so far are more profound than those of earlier periods of détente, and look like having far more

Under all previous Soviet leaders, superpower diplomacy had taken the form of an abso-lutely predictable action-reaction dance: the US would make proposals, and the Soviet Union would react, often nega-tively. Under the Gorbachev regime, that pattern has been

After the East-West freeze induced by the Euro-missile crisis of 1983, nuclear arms control talks resumed in 1985, coincidently the day after Mr Gorbachev came to power. At that time the US was proposing a one-third cut in strategic nuclear weapons, and the Soviet Union was responding more modestly with a proposal for a 25 per cent cut. But at his first summit meeting with US President Ronald Reagan in Geneva that autumn, Mr Gorbachev was already raising the stakes by calling for a nominal

And so it has continued

bachev almost succeeded in sweeping Mr Reagan off his feet, with an apparent proposal for the elimination of all nuclear ballistic missiles. In December 1987, the Soviet

likely to be fundamentally altered by the negotiations on Conventional Forces in Europe (CFE) now under way in Vienna with luck, these CFR since then. At the next US-So-viet summit meeting in Reykja-vik the following year, Mr Gor-Helsinki summit, which will Helsinki summit, which will bring about, for the first time in 40 years, a true military equilibrium in Europe. In addition, both Moscow and Washington, here here and Washington have been hurrying ahead of the Vienna

The achievements so far are more profound than those of earlier periods of détente, and look like having far more durable results

leadership concluded what its predecessors had adamantly refused, an agreement to eliminate all US and Soviet Intermediate Range Missiles (INF) in Europe. And there are good property that the Start popul. Europe. And there are good prospects that the Start negotiations will produce big cuts in the long-range nuclear weapons of the superpowers.

In purely military terms, this Start agreement will not make much difference, since both sides will continue to have

colossal overkill in strategic nuclear weapons. In contrast, the conventional military bal-ance between East and West is

process. In December 1988, at the United Nations, Mr Gorba chev announced a unilateral reduction in the Soviet Union's armed forces of 500,000 men. In 1989 President Bush responded

1888 President Bush responded with two successive proposals to reduce US and Soviet troop levels in Central Europe.

The underlying message of these successive negotiating moves has by now become virtually impossible to deny: the Soviet Union of Mr Gorbachev believes it is possible to abarbelieves it is possible to aban-don a foreign policy based primarily on the assumption of conflict and on the threat of

military force. What is less easy to fathom, is where this leads in strategic terms.

Moscow regularly insists on the need to maintain the stra-

tegic balance in Europe, and the equilibrium between Nato and the Warsaw Pact. Yet at the same time, the Soviet leadership repeatedly appeals to the quite different idea, of some kind of pan-European some kind of pair kindpean security order, no doubt derived from the provisions of the Helsinki process, under the evocative name of the Common

Earlier this year, Moscow draw all its troops from ern Europe by 1995-96, and said that it expected to negotiate an even earlier time-table for withdrawal from Czechoslovakia and Hungary. Such a withdrawal is no doubt a ratio mal response to the revolutions in eastern Europe, which have indermined the credibility of the Warsaw Pact; some analysts in Moscow argue that the only chance for salvaging the Pact lies in military withdrawal, and even then its main role may be political dialogue between the countries of sucern Europe and the Soviet

These unanswered questions should not obscure the most important fact, that Mr Gorbachsv is presiding over the end of a long period of Cold War, and the beginning of a new period of effective arms control

lan Davidson

MILITARY

EUROPEAN COMMUNITY

A model for Moscow

power," said Mr Alexei Arbatoy, one of the Soviet Union's heading young foreign policy experts. Western Europe will become more important in Nato, since some US with-drawal is inevitable; it may even become the major partner in Nato.

in Nano.
"The European Community,"
he went on, "has a very strong
political role to play, because
economic factors are now
becoming predominant. I
would not be surprised if there were a supranational govern-ment in western Europe 10 years after the Single Market of 1992; or even in the whole of Europe, excluding the Soviet Union. But the EC is not an opponent of the Soviet Union, nor a threat to the Soviet Union, unless it becomes the core of a new military alli-ance."

Sentiments like these are a testimony to the dramatic Gorbachev's policy of peres-troika on foreign policy percep-tions in the Soviet Union. Until recently, the EC and other manifestations of European integration were officially deni-grated in Moscow as a hostile manifestation of the Cold War.

A less caricatural picture of

EUROPE is a new centre of the movement towards economic and political integration in western Europe has at vari-ous times occasionally broken through the official line in the Soviet Union in the past 40 years. But Soviet analysts did not systematically start to take a more realistic assessment, until Mr Gorbachev introduced that Mr Gorachev introduced his "new political thinking" on foreign policy, uncontaminated by the ideology of communism and the Cold War.

> Officials and academics in Moscow appear to see more good in the EC than does Mrs **Margaret Thatcher**

Today in Moscow it is com-mon to hear officials and academics express positive views of the EC; some of them even appear to see more good in the EC than does Mrs Margaret

Professor Vladimir Barmov-sky, of the IMEMO Institute, believes there are three main strands in the Soviet reasons ment of the EC. First, there is a growing recognition that eco-nomic integration is not an offensive of the West European monopolies against the work-ing class, but a process of social accommodation which

drashev a leading commenta-tor at Izvestia: "Many people now see that the western European countries tried to solve, and in fact have solved, very important economic problems, step by step, with great efforts. Our efforts with other Socialist countries are not at all successful. But we will find it easier to build new, more effective forms of economic relations with our neighbours, if we build constructive relations

parts of the population. Second, the new attempt to see the

world in inter-dependent terms, means that the Commu-

nity can become a partner

rather than an enemy. Third,

the necessity of making a more realistic assessment of the

Soviet Union's own economic

failures, increases the incen-

tive for learning from others,

including the EC.
Thus Mr Stanislav Kon-

with western countries."

This fresh look at the nature of the EC is leading to a sharp

much as of its economic significance. "Since 1985," says Mr Sergei Karaganov of the Europe Institute in Moscow, "our analysts have said we should get rid of 'Americafirst-ism' in our foreign policy priorities. Now we give equal priority to America and to Europe. Western Europe's influence on US policy has mostly been positive. A stron-ger EC will be a factor for stability in Europe, though Ger-many may have a dominating influence on it."

The shift in Soviet attitudes towards European integration has been followed by closer diplomatic links. Last year the Soviet Union, like Comecon, signed framework trade agree-ments with the Community; and the Soviet Union also secured Special Guest Status at the parliamentary assembly of the 23-nation Council of Europe, though not to vote.

The most interesting feature of the new thinking is that some Soviet analysts are starting to look to the EC as a possible model, not just for revitalising economic and political relationships within Comecon, but even for reform Inside the Soviet Union.

ian Davidson

A SENSE of disortentation and alarm is spreading within the Soviet military elite. The alle-giance of Soviet officers to the Party, to the socialist father-land and to internationalist duties within the Warsaw Pact and further afield is ingrained in military training and values. But this world-view is fast los-ing its relevance, as the role of the Soviet armed forces is chal-

1

lenged by the collapse of mili-tary certainties.

Political upheaval in eastern Surope has paved the way for the rapid retreat of the Red Army from Czechoslovakia, Hungary and Poland. The break-up of the Warsaw Pact military apparatus is under way and a powerful united

Germany looms.

The Soviet military budget is vulnerable to a climate of cuts and much of the country's conventional military strength is destined to be traded away in highly asymmetrical arms agreements with the West. Within the USSR Soviet forces

are committed to maintain cen are committed to maintain central control in regions plagned by intra ethnic strife. Even the economic and technological promise of perestroika which raised the prospect of more efficient and better equipped if smaller Soviet armed forces in the future, is now overshad-

1990 is driven by trends increasingly beyond Moscow's control. Their wurter are frequently expressed in sharp debutes in military circles. leading at times to polarised views.

No doubt the Soviet High Command is dismayed by the pace at which Warsaw Pact unity has collapsed. The view that the strategic gains of the USSR were won at the cost of millions of Soviet wartime dead, is still ingrained in their military thinking.

military thinking. Soviet military leaders are committed in principle to pull-

owed by gloomy forecasts.

Red Army commanders may reasonably conclude that the Soviet military environment in

The bitter climate of cuts ing back at least 370,000 of

An overall fall in the Soviet military budget of some of 14 per cent over the next couple of years has been promised incinding a cut of 8.5 per cent in 1990 (said to be from Rbs77.3bm to Rbs70.9bm) and 19.20 per cent cut in arms production. The military command can swallow these cuts in the context of East-West disarmament but so long as the economic and technological basis for the weapons systems of the future is laid. With this An overall fall in the Soviet

their forces from eastern Europe and sharply reducing

their force levels west of the Urals under the draft treaty on

goal in mind they can support perestroiks and accept that more deseate industries should be given over to civilian production.

Military leaders are also agitated over radical proposals that the current sprawling cadre-conscript army be transformed into a new organisation based on the principles of a professional and/or territorial force. Officers favouring such a transition believe that it would the manneyer and recovered franstrion believe that it would free manpower and resources for the civilian economy and halp ease the current allen-ation between the Soviet mili-tary and civilian populations. Yet for Mr Dmitri Yazov, the Defence Minister, such a pro-fessional army would be too

costly and unable to provide a sufficient reserve for long-term

sufficient reserve for long-term military actions.

Military leaders have found the idea of creating territorial formations based on national residence especially controversial, linked as it is to a larger nationalist agenda in the Baitic and other volatile republics. This is an explosive issue and it challenges the traditional it challenges the traditional Soviet view of the armed forces as an integrating force for various Soviet nationalities. The Soviet High command has reluctantly yielded some ground to Beltic and Georgian demands that recruits be allowed to serve in or near their home republics in an attempt to head off growing

anti-military sentiment.

Over the past year the esteem of military service has been undermined by an upsurge in press criticism of the brutalising of recruits, drunkenness and corruption, which conveys a bleak picture of military life. Many officers find such criticism repugnant and have declared it ill-informed unpatriotic and maley-

anti-military sentiment.

formed, unpatriotic and malev-olent. This reaction reflects their deep unease about social trends under perestrolka. Special attention has focused

on the difficulties in socially and economically integrating the 500,000 troops to be reduced unilaterally under Mr Gorba-chev's December 1988 chev's December 1988 announcement Up to 100,000

former officers will lose this status and ready access to accommodation. This threatens to create a large pool of disaffected demobilised officers. The capacity of the economy to readily absorb such an influx of labors is uncertain. of labour is uncertain. The use of Soviet troops to

reassessment of its political as

quell internal ethnic and nationalist strife has dealt a nationalist strife has dealt a damaging blow to military prestige. Moscow's decision to use regular army forces to smash into the Azerbaijani capital Baku in January only followed the failure of local VCB forces and Ministry of the KGB forces and Ministry of the Interior troops to regain cen-tral control in Azerbaijan, and it was undoubtedly taken with the greatest of reluctance.

The political cohesiveness of the armed forces has traditionally been entrusted to Communist Party organs, in particular the Main Political Administration (MPA) of the army and navy. But a Central Committee decision last month to abandon the principle of the leading role

of the Party forces a reappraisal of Party organis in military units. At the least party-political training in the forces is likely to be downgraded, undercutting the MPA and its chief, General Lizichev. Finally, disillusion has gripped even senior officers as perestroiks falters economically and threatens to fragment the USSR into national groups. The majority also fear over-hasty decisions spurred on by the climate of military cuts, are defensive over reformist ideas lesuing form military ranks and bitterly resent the role of civilian critics. Yet growing cynicism among higher military circles has not spilled over into open disloyalty to the political authorities.

Roy Allison

The author is a lecturer at the Centre of Russian and East

IN THE BEST TRADITIONS OF NATIONAL ART



Full ranges of fashionable colours Artistically designed

THE USSR FASHION CENTRE

o publishes magnines:
IOURNAL OF FASHIONS,
SEASON'S MODELS, FASHIONS
OF THE SOCIALIST COUNTRIES. (Total circulation 7.5 million copies). Trade journals: CLOTHES AND MATERIALS,

ENSEMBLES OF DRESS,

orga

rell as particula

nouse and other

ictivery of spares for

eds aced too gas and electrical

Address: USSR Fashion Centre, 69 Vavilov St. 117846, Moscow, USSR Tel: 134-90-00; Telex 411786 Merta

medical electronic

A part well reined of Anesthetizes Anares Stress apparatus

30 patent applications have been made in Great Britain, Italy, France, FRG, USA, Japan and other countries is a therapeutic, electric narcosis device. Instead of tablets,

Lenar psychotrophic preparations and tranquilizers the apparatus provides a soothing impulse current which acts on the central nervous system and intensifies the brain's self-regulation. It is absolutely safe with no side effects after treatment.

is manufactured in several modifications for combined electroanesthesia and for individual prophylactic and stress treatment by the patient himself.

Lenar is fully compatible with internationally recognised diagnostic devices.

Manufacturer and exporter:

The Kvarts Production Association, 10 Musorgsky St., 236000, Kaliningrad Region, USSR The designers Prof. Eduard Kastrubin and radio engineer Valentin Nozimikov propose joint cooperation in manufacturing a new Lenar-Kentavr apparatus that has no analogue in the world. Second State Medical Institute, ul. Ostrovityanova, 1, 117869, Moscow, USSR.

Your new business partner The foreign economic association **OBSCHEMASHEXPORT**

Now exports machinery and equipment formerly supplied by long-established Soviet machinery exporters such as Technointorg, Traktoroexport, Techmashexport, Machinoexport, Avtoexport, Raznoexport, Medexport. Represents the Ministery of General Machine Building whose

enterprises manufacture not only space equipment but also... Exports: tractors, lifting and conveying equipment, food-processing and chemical equipment, medical and domestic appliances

Imports; accessories, equipment for developing new

technologies After sales servicing of exported and imported equipment and appliances:

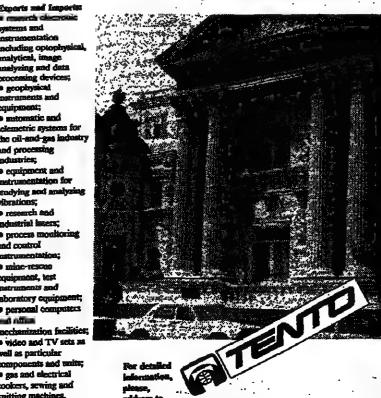
Engineering services. We are ready to develop industrial co-operation and set up joint ventures with foreign partners. Address: GSP -4, 9 Krasnoproletarskaya St., 101444,

Moscow, USSR Tel: 258-66-56. Telex: 411836

All-Union Foreign Economic Association

printed designs for fabrics are by used by Italian, American

Technointorg your reliable partner in all deals



Telegi 411200 Telep

indianal and eclarical training of the terrormed to be ployed at the proj

the field of the force

• offices in Belgium, the FRG, Great Beltain Prence, Australia, Finland and other

help to bolding

IF YOUR ARE INTERESTED. TRADE CAN BE EXECUTED ON THE BARTER BASIS.

The association

Citizens' Diplomacy in the Interests of International Cooperation and Mutual Understanding

Business and humanitarian contacts in international trade, science, military conversion, civil engineering, health, environment, culture, tourism and sports.

Consulting in trade, industrial cooperation and joint production, development of new forms of economic ties.

Financing of joint projects. Keeping special charity funds, public and commercial enterprises and private bank accounts for fully accountable individuals to Associations' clients.

The association for cooperation between Soviet and foreign organizations

is a self-financing foreign trade organization that enjoys the status of an association uniting a large number of industrial concerns, specialised business companies, research establishments, public organizations and funds.

> Address: 16/1, Krzizhanovski St. 117218, Moscow, USSR Tel: 124-39-38 Telex: 411098 inorp. Telefax: 124056

From powerful electric-thermic equipment to domestic electronic heating devices

SIBELECTROTERM

Our electric furnaces are installed in more than forty countries

The Association's products have been awarded medals and diplomas at many international exhibitions for their

■ 12 to 150 ton arc steel-smelting furnaces electric resistance furnaces including vacuum

furnaces for the heat treatment of metal products electric slag resmelting furnaces for the production of 40 ton ingots

ore heating furnaces for manufacturing ferroalloys, non-ferrous metals, abrasive materials

vacuum electric resistance furnaces for refining tin and other non-ferrous metals

SIBELECTROTERM



has 45 years of industrial know how We are ready for co-operation in research and development of new technologies, for industrial cooperation and joint production.

Address: 51 Petukhov St., 630088, Novosibirsk, USSR

Telex: 133876 Rekord

LAW GOVERNED STATE

Changes afoot

THE process of the creation of rejected - ministers, passed a law governed state is the suclaws introducing a presumpcess story of the five years of President Mikhail Gorbachev. tion of innocence clause in the law and scrapped the notorious Not just successful: breathtakcatch-all charge of "slandering the Soviet system' ingly successful, on a scale and with a speed which no one could have imagined at the beginning of his tenure of

The period has seen the ending of a totalitarian state and the emergence of a chaotic period in which at every level debate and struggle focus on the way in which the Soviet peoples are to be ruled. This has been violent and will be again. It could not be otherwise given the violence of the creation and consolidation of the state. But now, even the violence is usually significant of some kind of liberation, at least of expression, not that of a hopeless throw against gath-

ering tyranny. That, for all its brilliance, the process may yet fail is a measure of the depth of the task which the reformist leadership took on, and the size of the contradictions which they summoned up by unleashing it in the first place.

However, if reform succeeds by which can only be meant, that it continues to stagger through crises while still pro-ceeding in the direction of a liberalised polity and economy

it will be largely because a state of law is painfully being

The Gorbachev period so far has seen many of the right things destroyed, and more of the right things created. In the first category, Mr Gorbachev has wittingly or unwittingly destroyed belief in the follow-

the unity of the Soviet the command system of pro-

duction and supply;

the leading role of the party,
and with it the supreme theoretical role of Marxism Leninism and the politicisation of everyday life

There are signs that these new practices are becoming entrenched which bode well for a state of law. For out of the ferment in the republics is growing a care for democratic and constitutional forms, both within the areas for which they seek autonomy and independence, and to govern the relationship between them and the control

The elected Congress of People's Deputies and a reshaped Supreme Soviet convened for supreme Soviat convened for the first time 10 months ago-yet it is now part of political life and contains a plurality of opinions which are begining to form into proto-parties. More-over, it has confirmed - and

It has refused to ban strikes. to levy penal taxation on co-operatives, to raise tax on beer and cigarettes and it has granted economic autonomy to the Baltic republics.

Its deputies - most authoritatively, the late Dr Andrei Sakharov - have argued publicly and vehemently with Mr Gorbachev and other high state and Party officials. And it has all been on television. Its very success has directly affected the position of the

There is now a public opinion. It is febrile, intense and Inexperienced and It has clearly signalled

its dislike of the

Party's monopoly

Communist Party. Its opera tion has shown that the Party's "leading role" and monopoly of power was both absurd and was being challenged with impunity throughout the coun-

Thus the decision by the Central Committee plenum early last month to scrap Article Six of the constitution guaranteeing the leading role of the party (or, significantly, requesting the Supreme Soviet to so amend the constitution) was the recognition of an already established fact. The Party was no longer leading: the monopoly was broken.

However, official confirma-tion of this has put a fillip behind efforts to create a con stitution, efforts towards which have been in a curious suspension over the past two years, with "conservative" and "radical" drafts circulating, but no decisions being taken.

Mr William Smirnov, director of the department for political studies at the Institute of State and Law, says: "Since the plenum, discussions are becoming more urgent. The prevailing mood among legal circles is that it should be a really legal constitution - not one which mentions the kind of society and state we will have: to make it an expres of the law, not one which lays down the values of socialism and communism."

What Mr Smirnov proposes is a logical next step to the loss of political monopoly. That is, a constitutional settlement which guarantees civil rights

and describes electoral and judicial mechanisms, but is not prescriptive as to political outcomes - a complete departure for a state in which socialism is the presumed input to and

outcome of all state acts. In that sense, the removal of Article Six of the constitution is only a first step. The deconstruction of an ideological constitution must proceed from the bottom up, engaging even with the very name of the state

The current session of the Supreme Soviet and of the Congress will be critical in this nstance. It must consider five draft laws on the relationship between the republics and the centre, and between republic and republic; it must finally get to a draft law on the press it must decide on a framework for new parties; and it must conclude whether or not it wishes to legalise private prop-erty. At some point, too, it must intervene to sort out the confusion over the reform of the legal system itself.

The momentum of constitu-tional change it has already initiated has been great. But still, as Mr Vitaly Tretyakov, deputy editor of Moscow News, oints out: "We can still revert to the days of stagnation if one man — Mr Gorbachev — is removed."

This overstates the case: if points up, however, how much is owed to reformist personali-ties, how slender still is the legal basis for enshrining the nanges made. There is, finally, the matter

of the creation of a public opin-ion and a civil society which are the ultimate guarantees of any constitutional and democratic state. For if the people do not insist on democracy and the rule of law, leaders unused to either will be unlikely to provide it.

There is now a public opin-ion. It is febrile, intense and ion. It is intense and inexperienced and appears to be against co-operatives (and is certainly against price rises); but it has also clearly signalled its dislike of the Party's monopoly and its desire for a constitutional state in which not just the party, but the police, KGB, judiclary, enter-prises and unions were subordinate to the law and shie to operate independently of political and state pressures.

The larger question is how far this public opinion can be expressed at the federal level. In the end, that will determine the entire process. It will not mean an end to law governing, but it will mean an end to the state as presently constituted.

MR IVAN Laptev, editor of Izvestia, is perhaps a better model of the senior Soviet newspaperman in the age of Gorbachev than his higher profile colleagues, such as Mr Vitaly Korotich of Ogonek or Mr Yegor Yakovlev of Moscow Names

He has been a considerable reformist, pushing the govern-ment paper into campaigning and enquiring journalism, encouraging a talented team of columnists like Mr Alexander Bovin and Mr Melor Sterua. At every step of the way, though, he has worried - "Was I going too far ahead of my readers?

An example. Three years ago, he wanted to campaign against the practice of erecting busts of those who had bee twice awarded "Heroes of Socialist Labour." He had an article written "but I was afraid to use it, because the leadership were all for the custom and so were many workers. Now, it is widely discussed and it seems everybody is against it."

He sees two main phases in the liberalisation of the press. First, the extraordinary Central Committee plenum of April 1985, a month after President Mikhail Gorbachev came to power, at which "the new gramme of perestroika gave us hope".

The second moment was the publication, in the spring of 1988, of the "Nina Andreeva letter" - a letter from a Stalinist teacher, published in Sovetskaya Rossiya newspaper, vio-lently critical of liberalisation and seen at the time as the

herald of a new reaction.

Pravda lamely reasserted the leadership line some two weeks later. Mr Laptev and his colleagues were shaken, "but we talked together and decided to continue our line as long as

But he is for perestrolka: and that means he is for Mr Gorbachev, in a way no western newspaper editor could afford to be for a prime minister or political leader. When, last autumn, Mr Gorbachev called in the newspaper editors and herangued them for irresponsibility, Mr Laptev thought about it, reviewed his material "and realised Gorbachev was right. So I told my colleagues that we must work more care-

that Mr Viadislav Starkov, edi-tor of Argumenti i Fakti, a hugely popular weekly, was reported to be under threat of the sack. "Mr Gorbachey didn't actually sack him. He said: 'If I was in your place I would resign.' But he hasn't resigned, he carries on," said Mr Laptey. Mr Albert Vlasov, chairman of Novosti, the press agency, is dismissive of allegations of control from above.

"We're an independent agency, we publish our own points of view." That is increasingly true; and it is

PRESS

An age of enquiry

increasingly the case that these views clash, though how deep is the debate is another is still about – though he cause less trouble.

He, too, thinks that the press in writing, and they will probably get it in this session of the Supreme Soviet.

SOVIET UNION 8

Mr Vlasov has seen a 30 per cent turnover in his staff in the past 18 months, as the old guard who are unable to accustom themselves to the changes leave, and new ones are

There are other inhibitions than the purely political. Mr Korotich at Ogonek, nothing of his vigour seemingly yet impaired, says he cannot get the paper he needs, cannot get the printing capacity he needs ("I have to print a weekly two weeks ahead of publication!") and cannot pay the staff what they deserve.
"Our circulation has gone up

from 260,000 in 1986 to 4.6m now. Pravda's circulation has halved. And still they pay Pravda journalists three times our rates." The censor, he says,

emains protected – while Mr Gorbachey remains in charge. After that meeting with Mr Gorbachev last year nothing happened. He showed the conservatives that he could shout at us and that was all. Perhaps it is a sign that democracy has arrived: the leader makes a

fuse and nothing happens.
"We are not untouchable. Mr Gorbachev is not untouchable. But we exist in the struggle now I feel hated, but I also feel supported. The battle will be

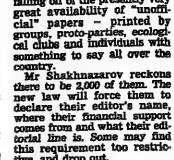
Still, most journalists feel too dependent on the figure of Mr Gorbachev for comfort. Says Mr Vitaly Tretyakov, deputy editor of Moscow News: "With Mr Gorbachev gone, the whole thing could collapse. It still all comes down to him."

Journalists want something

Supreme Soviet.
The Draft Law on the Press has been kicked about for at least two years, first under the conservative tutelage of Mr Victor Afanasev, the former editor of Pravda, and now under the more reformist oversight of Mr Georgi Shakhnazaroy, a former researcher at the Institute of State and Law and now an aide to Mr Gorbachev, as well as chairman of the standing committee on the law

on the press. He believes the law should be ready to be tabled and passed this session. He is certain it is liberal, and will bear comparison with any in the

Only two things trouble him "and they are matters of controversy everywhere". First, should an individual, as against a group or enterprise



or party, be allowed to start a

paper.

"If we allow individuals to

start them, we risk such mas-sive powers as (William Ran-dolph) Hearst had and (Rupert) Murdoch now has. To us they

are symbols of men who com mand too much political influence. The international demo-

cratic movement as a whole

has not found a solution to this

problem. The second issue is

who controls? The publisher or

"We believe the publisher

should not have the right to

censor an article - he must be

given rights of influence, other-wise why bother to publish at

all? He should have rights, and

the editor and the journalists

should also have rights, in bal-

ance. Certainly, the journalist

has the right to refuse to write

something against his con-

Press law might be a certain falling off of the presently very

One consequence of the

the journalists?

science."

this requirement too restric-tive, and drop out. The relative freedom of the press has been the more remarkable since it is wholly a Party or state-owned press. The new law should permit private, or at least co-operative.

But any guarantee for its independence depends on the creation of democratic and

John Lloyd

CONSTITUTIONAL REFORM

Foundation laid for new system

THE CENTRAL element of President Mikhail Gornachev's "New Political Thinking" has been the creation of a rule of-law state in the Soviet Union. Glasnost and perestroika are instruments to this end, but the real innovation in Mr Gorbachev's policy is that law - for the first time in Soviet history is accepted as a universal human value and not merely a mema to an end.

The full implications of this view for Marxist theory have yet to be explored, for classical Marxism always has empha-sised that state and law are uitimately doomed to wither away, to disappear under com-

Be that as it may, the foundation stones are being laid for its creation. Constitutional will be undertaken in stages. The first occurred in December 1988 when the URSII constitu-tion was amended to create a new parliamentary body - the Congress of People's Deputies of the USSR - and to introduce experimentally an election system under which multiple candidacies would be allowed. Further, a Constitu-

tional Supervision Committee was to be formed, and the role and prestige of the courts and the legal profession were to be enhanced. There has since been institu-tional progress. The parlia-ment was formed in June 1989 2.250 members, seems to be emerging as an independent force even though 89 per cent of the deputies are members of e Communist Party. Its tele-

The introduction of a Presidency into the USSR constitu-People's Deputies has been convened in extraordinary ses-

sion, is attributed to this need for expeditious resolute action. The December 1988 constitutional amendments called for adoption of legislation protect-ing the independence of the judiciary. In Angust 1869 a law on the subject was enacted, fol-lowed in November by three further enactments on the recall and disciplining of errent judges. Republics have been given the right to intro-

Writing on the wall: A Leningrad reader catching up with the news, The relative freedom of the press has been the more remarkable since it is wholly a Party or state-owned press

duce the jury system in selected criminal cases. "Telephone" law" has received a lot of attention in the Soviet press, such that when candidates were put for-ward for election to the UESE

Supreme Court, the deputies mked each whether he or she had ever been the recipient of

Lawyers are taking their own measures to enhance the profession. Fees have increased cellings on earnings have been lifted and lawyers are at liberty to negotiate individual fees with foreigners.

Two professional societies have been granted The Drice.

have been created. The Union of Jurists embraces lawyers of whatever kind (practition jurisconsuits. advocates. judges, arbitrators, academics, procurators, investigators, etc) and has a potential membership of more 30,000. The secaccepts only advocates as

Judicial review of the constitutionality of legislation, so hallowed in the US, was

The real innovation in Mr Gorbachev's policy is that law - for the first time in Soviet history ·-- is accepted as a universal human value and not merely a means to an end

telephone calls attempting to influence their decision in a case. All denied any such occa-sion, but the issue remains in the public mind and has become variable in the become punishable in the new

The experiment in spring 1989 with multiple candidacies was considered to be successful and has been much expande

and has been much expanded in the republican and local elections this spring.

In December 1989 the USSR constitution was again amended in regard to elections, this time to eliminate the automatic one-third of deputies in the Congress of Paople's Deputies who are indirectly elected by social organisations (the by social organisations (the Communist Party, unions unions of writers, composers artists, etc). In the next round no Party will be automatically assured of representation.

mooted when the USSR constitution was changed to allow the appointment of the Constitutional Supervision Commit-tee. Several times in 1968-89 union republic laws have been declared unconstitutional by the Presidium of the USSE Supreme Soviet, which presently has jurisdiction over such matters. But when in June 1989 the government proposed candidates for the Committee, the Congress of People's Deputies refused to
supprove them pending the
adoption of a law on the Committee which would define its
powers and functions.

The republics were fearful

The republics were fearful that the Committee would become a powerful arm of central government. In the end, the constitution was again amended in December 1989 to increase the Committee mem-

bership so that every republic would be represented. And instead of a body modelled on the US Supreme Court, there emerged a pallid supervisory body with what, on paper, are rather limited powers to draw the attention of other agencies to unconstitutional snact-

However, in Professor S.S. Alekscev, the chairman of the new Committee, the country has an imaginative jurist capa-hie of developing the Commit-ise's powers to the full extent permitted by the law.

The staged approach to con-stitutional reform may be show

t-lived in November 1989 the Supreme Soviet quietly appointed a commission to draft a new constitution. If a draft is produced (Khrushchev in 1962; it reported in 1977), it would represent the fifth gen-eration of Soviet constitutions since the revolution (1918, 1924,

1836, and 1977).
Here, however, the likelihood is stronger that the Congress of People's Deputies may abandon staged reform for a full scale replacement of the present constitution.

Quite apart from the new presidency, the reforms in land legislation and the law of own-ership also require constitu-tional alterations. The issue is not public versus private own-archip but how a reforming ership, but how a reforming system develops responsive concepts of property which enable it to be deployed most effectively in the interests of the individual and society

Уск

Open for business.

ie 16th dinke 1209 (12th dione, is Psenti Mezhitara rodnoù lorgovi Krasnopresnenskava Naberezinava 12. Moscow.



We have been doing business with the Soviet Union since 1917. And in 1978 we were one of the first British companies to open an office in Moscow. Where an opportunity exists, so does ICL.



OSGOW AIRPORT DUTY FREE

BAGS OF POTENTI

-at Shannon Airport in the west of Ireland. The experience enabled Aer Rianta - Ireland's Airport Managers - to know more about duty free shopping than anybody else in the world.

Back in 1947, the first duty free shop in the world was opened - believe it or not

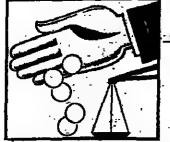
Experience that proved handy when the Soviets started looking for a partner to develop duty free shops at Moscow and Leningrad Airports.

Since then Aer Rianta International have gone on to open a duty free emporium in the centre of Leningrad and are, at present, building one at Vyborg on

the Soviet-Finnish border and planning further openings during 1990. You never know where in the world Aer Rianta International is going to turn

AerRianta INTERNATIONAL

Shannon Airport, Ireland. Telephone: 353 61 61444. Fax: 353 61 61156. Telex: AERO El 72131.



- print State Market

Martin Wolf examines the fundamental problems of an economy which produces satellites but not enough soap

Death rattle of the Stalinist war economy

ECONOMIC reform in the Soviet Union faces three obstacles: the legacy of the past; the chaos of the present and the conflict over the future. Five troika have made the obstacles look more formidable. It has always seemed unlikely that changes which challenge two generations of history will be

generations of instory will be brought about peacefully. They now look far more difficult than five years ago.

Economic reformers talk of the need to create "a normal economy". They mean by this a market economy, even if it is often qualified by the word "socialist". "There is no wor-'socialist", "There is no woras the method of co-ordinating the activities and interests of document put forward, with President Mikhall Gorbachev's backing, by Deputy Prime Min-ister, Mr Leonid Abalkin, to an "All-Union Conference and Workshop on Problems of Radi-

One way of thinking about the abnormality of the Soviet economy is that it is an extreme type of a war econ-omy. More is involved here than the burden of expendi-tures on defence. Also significant is the focus on heavy industry and indifference to consumption: the economy's isolation and extreme central-isation; the repressed inflation; the appeals to collective sacrifice; and the paranoia. The war economy has satellites, but insufficient som, missiles, and

very little mest.
The scale of the upheaval. entailed by economic reform was not understood five years ago. Academician Mr Abel ago. Academician Mr Abel Aganbegyan, for example, expected that, as a result of perestroika, "the Soviet national income by 2000 would closely approach that of the US". But the real challenge is to avoid falling still further behind. Now, after almost five years of failure, this is at last

years of failure, this is at last

Syste

Dr Aganbegyan's analysis does at least explain why per-cipient economists had con-cinded that radical change was essential. Economic growth was declining, quinquennium by quinquennium, even on the official statistics, but Dr Aganbegyan agrees with western critics that these statistics were lies. In his view the economy had become stagnant by the early 1980s. The Statinist approach of throwing in ever more resources had reached its limits.

so has the rate of growth of the capital stock. The rate of growth of the labour force declined sharply as well, along with that of the availability of natural resources. Meanwhile, economic efficiency (total factors worders) ures. If Dr Aganbegyan is right in his view of Soviet growth, there must have been no pro-ductivity growth in the 1970s and a decline of about 8 per cent during the first half of the This desperately poor pro-

ductivity performance was no accident. A huge proportion of tanks and rockets. Investment is grossly inefficient (one study showing an average construc-tion period on 800 large machine-building projects of 18 years). There is little incentive years). These is much intensive to increase efficiency, especially when so many enterprises are giant monopolies. Last but not least, while the advanced industrial countries were in the throes of the infor-mation revolution, the Soviet Union was years behind in the basic technologies and regarded information itself as a contagious disease.

finding a cure another. The CIA estimates that, after a short-lived surge in 1986, gross national product rose by a total of 1½ per cent over the ensuing three years, while GNP per head fell by more than one per cent. Moreover, this is the good name of the leaf this is the good news. The badnews is that the economy is threatened by inflation of Pol-

threatened by initiation of Pol-ish proportions.

Even the official statisticians suggest that inflation was 2%, per cent in 1989, but then add another 5 percentage points for the non-availability of goods.

The procedure is peculiar (since the non-availability of goods should appear in the figgoods should appear in the fig-ures for output, not prices) but the point is sound. For citizens and visitors, the non-availabil-ity of almost any good one cares to name, except the rou-ble, has become the economy's

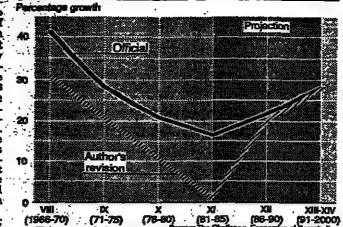
salient characteristic. How have five years of peres trolka managed to turn the chronic ailments of the Soviet economy into a critical diseconomy into a critical dis-ease? The answer is that a deeply divided and weakening central government has pur-sued policies that were inter-nally contradictory and too often ill-considered. Perhaps the most fundamental, and most frequently required and most frequently recurring, con-flict is between disciplinary campaigns, on the one hand, and a shift to market mecha-nisms, on the other.

In the spring of 1986, accels ation of the country's social and economic development was Mr Gorbachev's main gramme was a disaster, exacer-bating bottlenecks in the econ-ceny and providing a boost to largely improductive invest-

menti Equally disestrous was the anti-alcohol programme, described by Anders Ashmetic as "a full-fledged disciplinary campaign of the old style". The short term effects were impres-sive, the longer term ones catsstrophic, including a large increase in illegal distilling (with no fewer than 900,000 stills confiscated within a year and a half) and an important

kind seems to have gone some way towards persuading Mr Gorbachev that something different and more radical was

National income



required. The watershed was the plenary meeting of the Party's Central Committee in June 1987. This was followed shortly afterwards, by the Law on State Enterprises and, almost a year later, by the Law on Co-operatives. Unfortunately, both these

estimates the monetary "over-hang" at Rbs165bn, which is close to 40 per cent of the liquid assets (in cash and savings accounts) of the population. The State Bank may argue that the overhang is "only" Rbs130bn, but does not doubt

The worthlessness of the currency also undermines eco-nomic decentralisation. Who

would work harder to earn use

less pieces of paper? At the same time, enterprises make

things worse, by engineering concealed inflation through

changes in their product mix and then paying higher wages (a process condemned as

"group agoism"). The break-down in central control over

Some people believe that it would be easier for the Soviet Union to achieve communism than return to capitalism

hamstrung from the start. The Law on State Enterprises endorsed a mutually incompat independence with centralised management (enforced through discretionary taxation and state orders, which still cover more than 80 per cent of the total output of state enter-prises). Equally half-baked was the introduction of co-operatives, which remain outside the system of state supply and attract the resentment atten-dant upon their inevitable

At least these efforts have been educational. They demonstrate that one cannot have just a bit of a market. But they also show that the crumbling political excitors are discovery. political system can disorganise the existing system far than of money. At the heart of the current problem is the deficit in the state budget (on which information was at last provided in 1989). As a conse-quence of the investment

expansion, the anti-sicohol campaign, increased social expenditures and the fall in the world price of oil in 1888, the deficit increased from Rhs18bn (2.7 per cent of GDP) in 1985 to Rhs90bn in 1988 and Rhs92bn in 1989 (around 11 per cent of GDP in both cases). After strennous efforts, the deficit is expected to fall to 6 per cent of

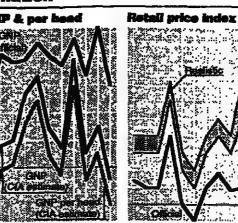
Since 1984 the ratio of liquid savings deposits to retail sales has risen from 64 per cent to 86 per cent, while government debt has risen from 16 per cent to around 45 per cent of GDP. Goskomstat, the official body the wage funds of enterprises allowed wages to rise by 10.9 per cent in 1989, while indus-trial output officially increased by a mere 1.7 per cent. By the summer of 1989 all see the depth of the long run problems and the severity of

nately, faced with harsh choices, the leadership fudged. Maslyukov proposed yet another "crash programme", this time to increase the supply of consumer goods by 12 per cent in 1990. Then, in November, Mr Abalkin's team produced their radical ideas for a market economy, with the raditional socialist elements almost invisible. This plan pro to the market economy. Alongside Gosplan's pro-

posed emergency measures, 1990 was to see the working out of "reforms of price forma tion, labour remuneration and social security" and the closure or transformation into "leasehold, co-operative and joint-stock entities" of "all unprofitable industrial enterprises"; then, in 1991-92 the new economic mechanism would be launched, with closure or transformation of all unprofitable state and collective farms"; finally, in 1993-5, the market mechanism would take centre stage, with comple-tion of financial recovery and an anti-monopoly programme. In spite of Mr Gorbachev's support the Abalkin programme ran into fierce hostility. In any case, the subse-quent proposals of Mr Nikolai Ryzhkov, the Prime Minister, in early December appeared both to question the goal of the reform and change the time-ta-ble. The solution to the imme-

diate crisis lay in a switch from heavy industry to con-

Stagflation QNP & per head



sumer goods, rather than too fast a switch to a market econony. Plans to reform farm gate prices for foodstuffs were postponed to 1991. Retail prices would not be changed before 1992, and then only after a

gramme. The budget deficit may be reduced as planned, but it would still be 6 per cent of GDP. The envisaged sale of various bonds will at best neu-tralise the monetary effects of 992, and then only after a this year's budget deficit, but will do nothing about the mon-mr Ryzhkov's intervention etary overhang. The plans for

One way of thinking about the abnormality of the Soviet economy is that it is an extreme type of a war economy

leaves the Abalkin programme as the bitteprint for the re-ori-entation of the seconomy. Its significance is most however since it seems inconceivable that the Soviet economy will be stabilised in 1990. If so, nelther price reform nor a move to the market is likely. The expected boost in the output of consumer goods in 1990 (now Rbs60bn or 15 per cent) looks like just another

More radical programmes can be envisaged. These would include elimination of the bud-get deficit, monetary reform and acceptance of a degree of inflation (along with measures Such an emergency programme could be followed by a radical price reform, which

penal taxation of high wage increases contain too many

greater decentralisation of enterprise, a vigorous anti-movertibility of the rouble.
Yet the Government shows

that has any chance of working. There are several reasons for this reluctance: the scale of the upheaval that would unquestionably follow; ideological blinkers; the opposition of an apparatus that contains some 18 million members, all of whom actually or potentially benefit from the power and erquisites given them by the shortage economy; and, per-haps most important of all, the antipathy of a population taught for 70 years to despise everything - success and fail-ure, unemployment and inequality, profits and property – that makes an market econ-

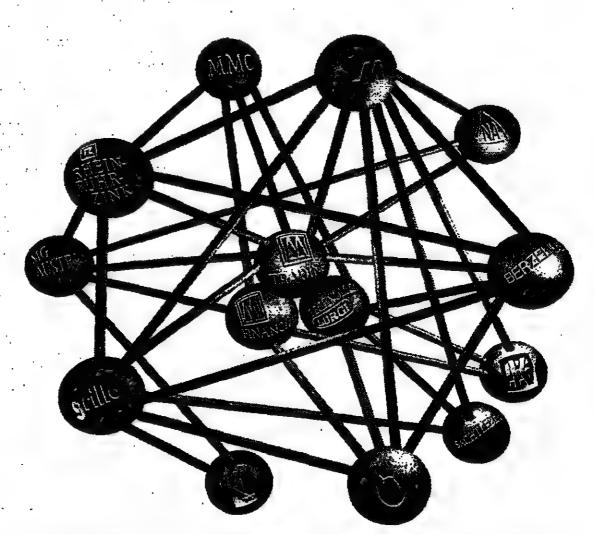
omy work. The market cannot just be a pretend, "socialist" one. It must be a real one, with real consequences and real casual-ties. But such reforms would not only defraud the people of what they thought were their earnings, but of almost all they have been taught and were told they had achieved over three generations. No wonder some say that it would be easier for the Soviet Union to achieve communism than return to capitalism, Unfortuplanned market economy looks more unlikely than either. The war economy is dying, but there is as yet no successor, except chaos.

* Abel Aganbegyan, The Challenge Economics of Perstroiks (London: Hutchiston) troika (London: Hutchinson,

**Anders Aslund, Gorbachev's Struggle for Economic Reform: the Soviet Reform Process 1985-88 (Ithaca, New York: Cornell University Press, 1989)

METALLGESELLSCHAFT

NOBODY DOES MORE WITH RAW MATERIALS.



Metallgesellschaft, one of the world's leading raw materials companies, is now closer to its clients and their needs than ever before,

The company has implemented a new streamlined organizational structure combining decentralized entrepreneurial energy with central management skills. Under the new organization, Raw Materials Trading, Engineering, and Merchant Banking are the three central businesses around which the all-encompassing operations of the DM 20 billion company revolve,

Together with Metallgesellschaft's many subsidiaries these central units form a network that gives clients access to a virtually unlimited scope of expertise in raw materials.

One of the decisive strengths of the Metallgesellschaft Group is its ability to combine any number of services in raw materials into unique packages tailored for projects of any size or complexity. These

packages cover the entire range of operations from raw materials exploration, mining, processing, and smelting to trading, marketing, recycling, transportation, and finance.

Metall Mining Corporation - Mining Metallgesellschaft Austria AG - Special metals, chemicals BERZELIUS Metallhütten-Gesellschaft mbH - Zinc and lead | Grillo-Werke AG -Metals, chemicals Norddeutsche Affinerie AG - Copper, precious metals, chemicals B.U.S Berzelius Umwelt-Service AG - Industrial waste recycling Rheinzink GmbH, Ruhr-Zink GmbH - Zinc and zinc systems technology Chemerali GmbH - Specialty chemicals Kolbenschmidt AG - Engine parts *SACHTLEBEN* Chemie GmbH - Pigments Lehnkering Montan Transport AG -

METALLGESELLSCHAFT AG Reuterweg 14, RO. Box 101501, D-6000 Frankfurt am Main 1 Rd.: (69) 159-0, Telefax: (69) 159-2125, Telex: 41225-0 mgf d Subsidiaries and affiliates in all major marketplaces of the world

Nobody does more with raw materials.

tor productivity in western parlance) rose by little more than 1% per cent a year after 1970, even on the official figloss in government reverme.

The failure of crash programmes of the traditional

Ускорение выгодно в промышленных объектах

Фирмой «Фиям-Строй» построен ряд промыниленных предприятий в Советском Союзе. Нами выполнены, в частности, строительные работы Костомуксиского горно-оботатительного измонната, а также Светогорского и Выборгского ценезопозно-бумажных комбинатов. Мы знаем, как обеспечень осуществление крупных объектов в крат-

У многих разрабатываемых промышленных объектов погребность одна — ускорение пуска производства. Мы готовы рассказать о том, как это возможно, потому что по нашему опыту экономия времени в размере от одного до двух яет впогне возмож-

Какие преимущества приносит ускорение графика?

Ускоренный пуск произворства приносит дополнительные докоды.

компенсирующих импорт, дости-PARTICIA SKOHONING BOTAGTS Начинается быстрее поступление

ватитных доходов от экспорта тосвязанного с инвестицией, а так-

же затрат на проценты Кроме того, мы в Фини-Стров знаем, каком образом могут быть максимально использованы ресурсы Созатского Союза в осущиствивных проекта. Мы умеем совмещать их с зарубежными поставками, обеспечивая королонії срок строятельства и моля-

мальную потребность в валюте. В Филя-Строе и основанных нами совместных советско-финских пред-



отнях мы располагаем «коу-хау», который вместе с Вашим ум

экономию времени и денег при осуществлении Вашей инвестиции. Мы скотно поделимся этим с Вами.

Ten. 80 481, Teneno 122221 stroi si Представительство в Москве, ум. Добрыницскай, 7, 117049 Москве. Тел. 237-12-50. 238-51-75, Телекс 413950 stroi su

Х

A GLOBAL COMPARISON

Measures of the task ahead

HOW LARGE is the Soviet Economy? How does its structure differ from that of the leading industrial countries?

Now that gross national product is estimated by the Soviet statistical authorities. these questions might sound quite simple to answer, but they are not. This is not only because Soviet statistics are particularly unreliable, but also because the official exchange rate for the rouble is arbitrarily determined and the structure of prices in the Soviet Union is also very different from that in the West.

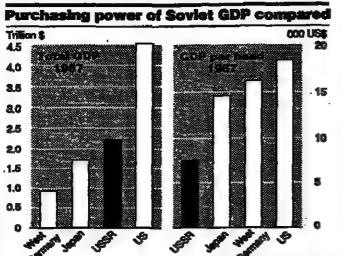
At the average official exchange rate of \$1.59 to the rouble, the Soviet Union's gross domestic product in 1987 would have been only \$1.3 trillion (million million). In that year the GNP of the US was \$4.5 trillion, Japan \$2.4 trillion and West Germany \$1.1 tril-lion. On this basis, therefore, the economy of the Soviet Union was considerably smaller than that of Japan and little larger than that of West

But the Soviet Union is more economically powerful than that The size of its economy must be recalculated, using not

the official exchange rate, but tute of World Economy and recommon out of international International Relations.

For the western economies such purchasing power esti-mates of GNP are computed by the European Community and the OECD; for the Soviet Union comparable estimates have been prepared by Mr Boris Bol-otin, a researcher at the Insti-

Such estimates are unavoidably rough and ready, particu-larly when the quality of Soviet goods is so much worse than of those of the West. But overall size of the Soviet econ-omy are at least close to those of analysts in the CIA. (But



note the uncertainty, PlanEcon
– a well-informed, Washing-ton-based organisation – sug-gests that the Soviet economy may be 40 per cent smaller than the CIA estimates.) According to Mr Bolotin's

estimates, revalued at "international" prices (an average of prices in the Soviet Union and in the countries of the OECD, weighted by their GNP) the GDP of the Soviet Union would have been \$2.2 trillion in 1987, about half that of the US, but higger than that of Japan, which shrinks to \$1.8 trillion (because of the exceptionally righ price of services in domes

turns out to be more than twice as large as that of West Germany, (On PlanEcon fig-Germany. (On PlanEcon fig-ures, however, the purchasing power of Soviet GDP would have been only \$1.5 trillion, less than that of Japan.)

The Soviet Union is unques-tionably a poor country, its overall economic size being explained by its large popula-tion. GDP per head on a pur-chasing power basis — esti-mated by Mr Bolotin at \$7.9m

mated by Mr Bolotta at \$7,900 in 1987 — was 42 per cent of that of the US and about half

The Soviet economy also

those of West Germany, Japan, France, the UK and Italy (all of which are fairly close together). Real GDP per head in the Soviet Union would then be close to that of Greece. (On the Plankon estimate, Soviet CDP per head ampliful he closer. GOP per head would be closer to that of Turkey.)

What is more the improve-ment in the Soviet Union's rel-ative position since 1913 appears to have been modest According to Mr Paul Bairoch*, Russia's GNP per head in 1913 (in 1960 dollars and prices) was a third of that of the UK, 43 per cent of the German level, 47 per cent of the French and 74 per cent of the Italian. While the UK appears to have been substantial since the Revolution, that against Germany and france has been small, while half has moved further ahead. Soviet personal consumption is limited not only by the low average income per head, but also by its low share in Soviet GDP. In 1987 the share of Soviet GDP devoted to the consumption of the remaining time.

sumption of the population (in domestic prices) was a mere 56 per cent, against 70 per cent in the US and 60 per cent even in

212.1%

14.4%

25.6%

14.8%

14.3%

13.8%

13.2%

Regional trade structure

42.1%

46.8%

17.2% 25,3% 23.4% 53.1% 56.3% 69.7%

Structure of gross domestic expenditure in US & USSR

two thirds of Soviet final con-sumption (which includes government-provided personal consumption) goes on food and clothing a much higher pro-portion than in the leading industrial countries.

A far smaller proportion of such consumption goes for per-sonal transportation (cars), housing education and medi-cal cars. In "international" prices, expenditures on personal transportation shrink to almost nothing, while those on health remain remarkably low, at only 4% per cent of GDP (as against 11% per cent in the

10.2%

35.4%

13.6%

127%

11.0%

42.9%

47.8%

54.0%

11.5%

The low share of Soviet personal consumption in total expenditures partly reflects the high share of government con-sumption. Desence spending was particularly onerous, at 9.8 per cent of GDP in domestic

per cent of GDP in domestic prices (on the official figures) and 12.7 per cent of GDP in "international" prices.

Western analysts argue that defence spending is, in fact, substantially higher than officially indicated, perhaps as much as 13 per cent of GDP in domestic prices and 17 per cent domestic prices and 17 per cent in US prices.

The investment effort is almost equally impressive. Of the leading industrial coun-

tries only Japan invests a larger share of GDP than the Soriet Union

Yet, correctly measured, Soviet income per head seems to have stagnated for over a decade. No more powerful indi-cation could be given of the extent of the inefficiency that President Mikhail Gorbachev's economic reforms are intended to remedy.

* Paul Bairoch, Europe's Gross National Product 1800-1975, Journal of Economic History, 1976, p. 297

INTERNATIONAL TRADE

An outsider knocking on the West's door

"THE WORLD economy is becoming a single organism, and no state, whatever its social system or economic sta-tus, can normally develop out-site it." So said Prendent Mit-hall Gorbachev in a speech to the UN General Assambly in December 1988. In a subse-quent speech in London in April 1989, he asserted, quita blintly, that "our economic reform presupposes the Soviet eocial system or economic stareform presupposes the Soviet Union's closer integration into

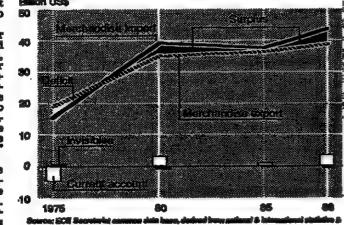
No country has tried harder to develop outside the world economy. The Soviet Union is, as a result, a peripheral player in both world trade and investmeni, which are, in turn, mar-ginal in the economy of the Soviet Union. The lengths to which it has gone are a measure of the changes that will be required if it is to integrate within "the single organism" of the world economy.

For example, the rouble remains almost entirely unconvertible into foreign exchange (or, indeed, anything else). Moreover, a combination of foreign exchange retention quotas and 3,000 product-specific conficients for conversion of for-eign currency into roubles has created one of the world's most alaborate multiple exchange

rate systems.
While designed to encourage processing of raw materials, the number of foreign exchange coefficients also

reflects the isolation of domin-tic from world prices. Accord-ing to calculations done at the State Bank, the purchasing power exchange rate for the rouble varies between 30 kopeks to the dollar for food (at official prices), to between Rhe3 and Rhe5 to the dollar for

Billion USS



many consumer goods, to Rhs30 to the dollar for more sophisticated consumer goods, like video-casette recurs. An insvitable consequence of the isolation of the domestic from the global economy is that the Soviet Union expuris rather little, while its pattern of exports is that of a third world country. Thus, in 1988 about 36 per cent of Soviet exports to the non-socialist world consisted of fuel and 43 per cent of its total exports were of petroleum and gas. In 1988 total Soviet exports were \$111bn, of which only

\$43hn were for convertible cur-rency, while Soviet imports in that year were \$107hn, with that year were \$1070m, with \$390m in convertible currency, leaving the country with a modest current account surplus (in convertible currencies) of \$3.80m (after allowing for invisibles).

According to the Gatt, this overall performance made the Soviet Union the world's eighth largest exporter, coming just after Canada and accounting for 3.9 per cent of world

ing for 3.9 per cent of world exports (which can be con-trasted with the West German traged with the west German share of 112 per cent and the US share of 11.1 per cent)—On this basis, the Soviet prescribe in world trade is not insignificant. But that conclusion is misleading in two respects. for convertible currency (and so subject to free international competition), the Soviet share of world exports is well below those of small economies such as Taiwan, Hong Kong, South Kores, Switzerland or Sweden. Second, only 47 per cent of

Second, only 47 per cent of Soviet exports to non-socialist

countries were manufactures. At around \$20bm, these exports were less than half those of

Hong Kong or South Korea and were dwarfed by those of the

ding western econom

This is mance must be transformed if an increasing proportion of Soviet output is to be made subject to international competition (whether at home or abroad). Without expanded exports of manufactures for hard currency, imports will remain constrained by the limited Soviet capacity to increase its external borrowing (a con-

already) and by its still more limited capacity to expand exports of petroleum.

It is true that new arrange-ments within Comecon will, in time, increase Soviet hard conrency revenue from energy exports. Yet even that allver lining has a cloud, since Soviet enterprises will lose a protected export market.

Radical change may be seded, but — as in other areas of Soviet economic life reform has been half-hearted so far. Domestic prices remain as divorced from those in the world market today as five years ago and the rouble ia, if anything, still further from convertibility. Unsurprisingly, trade performance has falled to

rick up.

The most interesting changes have been the somewhat restricted permission to emerprise to make their own trading arrangements and the encouragement of joint ventures. The former demanded a vigorous assault on the previously all-nowerful Ministry of ously all-powerful Ministry of Foreign Trade.

At the strategic level the State Foreign Reconomic Com-mission was established as a "super ministry" in charge of policy-formation in external sconomic relations, Meanwhile, 12,680 organisations (more than a quarter of the larger enterprises) have regis-tered their intention to con-duct external trade on their

own behalf.

One problem created by the freedom granted to enterprise is that, in their desperation for hard currency, they are prepared to sell almost anything they can get their hamis on. Several scandals have been the inevitable consequence of granting such freedoms in the context of the impaly distorted. context of the impaly distorted. Soviet economy. As with the co-operatives, these scandals tend to discredit the whole idea of decentralisation in trade.

Some 1,264 joint ventures from 60 countries have now been registered, but only 200 are operating, mostly on quite a small scale, the average capital employed in the more recent joint ventures being a mere Rbs3.3m (£3.3m, at the official exchange rate). As Mr Ivan Ivanov, deputy chairman of the State Commit-

tee on Foreign Economic Rela-tions remarks: "Joint ventures are just one channel" for open-'Our economic reform presupposes the

ing the Soviet economy. He also describes them as a "model of the the post-reform Soviet economy". In the pre-re-form economy, however, they are of marginal importance, partly because of the obstacles they face, the greatest being obtaining supplies in a Soviet economy which still works on administrative lines. dministrative lines.

Meanwhile, the Soviet Union is flirting with the idea of membership of the Gatt and the International Monetary Find. But, however symbolic this would be, membership of these institutions is a side show. Mr Gorbachev's desire for integration of the Soviet into the global economy is waiting for Godoi: meaningful

ECE opprobabilit online

THE OKOBANK NETWORK FOR USSR TRADE

- OKO TRADE INTERNATIONAL: LONDON, MOSCOW AND HELSINKI FOR BUSINESS STRUCTURING AND TRADE SERVICES.
- VNESHCONSULT: MOSCOW AND HELSINKI FOR MANAGEMENT CONSULTING.
- OKO FINANCE: LONDON AND HELSINKI FOR LEASE FINANCING.
- OKOBANK: HELSINKI, MOSCOW, LONDON AND WORLDWIDE FOR ALL FORMS OF BANKING AND FINANCE EXPERTISE.

IN LONDON:

IAN WATSON (TRADE) SAM GENEEN (FINANCE) - (441) 940 1202 - (441) 332 1633

ERIK SKON

- (441) 332 1633

IN MOSCOW:

JUHANI KANERVA ALEXANDRE ROUBTSOV (MANAGEMENT CONSULTING) - (7095) 230 1386 - (7095) 181 4294

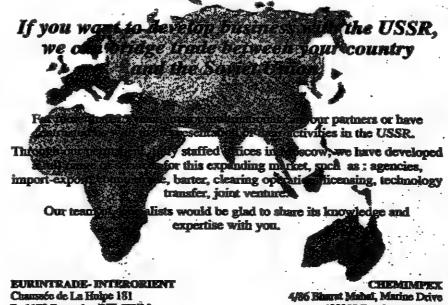
IN HELSINKI:

MATTI HEIKKILA

- (3580) 404 4095

OKOBANK

EURINTRADE - INTERORIENT CHEMIMPEX



B- 1170 Brussels - BELGIUM Tel: 32-2/660 19 10 Thr: 046/26639 entra b

Fax: 32-2/675 14 70 EURINTRADE - MOSCOW Ul. Lunatchaodoren, 7 121002 Moscow - USSR Tel: 70-95/202 85 11

400002 Bombay - INDIA Tel: 91-22/31 12 64 The 081/113839 exem in Fac: 91-22/24 35 38

Th:: 064/ 413163 outra sa Par: 70-95/253 95 02

INTEROCEAN BLT.

Watter - POLAND

INTERORIENT THAILAND CO LTD Bangkok - THAILAND INTERORIENT HANDI

SORAS (PTE) LTD SINGAPORE

MULTITRADE

Ul. Mytnaya Dom 1, 7th F1

117049 Moscow - USSR.

The 064/413063 some per-

Tel: 70-95/230 08 32

Fax: 70-95/230 05 21

WORLDWIDE INFORMATION 2000-000h VA THE BALTIC - OPPORTUNITIES AND STRATEGIES 2d-Oit Apri TRADEMARKS AND MARKETING IN THE LIBER. 10th-17th Mer LEBURE, CONSTRUCTION AND PROPERTY DEVELOPMENT IN THE USER with option 19th-20th May SOVIET ENERGY - NOW THAT THIS MUTERS ARE DOWN ÉSPORTING INFORMATION TÉCHNOLOGY TO THE EASTERN ILLOC AND THE COCOM RULES UNCONVENTIONAL FINANCING FOR TRADE WITH THE USBRIAND SASTERN BLIPOPE OFFRED COUNTENTRADE BLYBACKS TECHNOLOGY TRANSFER LEGAL ARPECTS OF DOGG SUSPANS WITH NEGOTIATING AND SIPLEMENTING 110-104 Mar SOVIET AND EAST BURCPEAN LEGAL WEEK Nodele 1: Legal and Financial Aspects 40-06-10) imeganen ussa * polano * hungary * German ussa * polano * hungary * Czechoslowakiy Bulbaria * Yugoslama Offic Jude Rights SOVIET BUSINESS FAMILIARISATION INTRODUCTION TO SOVIET BUSINESS Autumn LAW AND LANGUAGE WHIT PUBLICATIONS Joint Ventures in the USSR Presided Aspects of Trading with the USSR Personnel Aspects of Joint Ventures in

For more information tick the appropriate box above and send this notice with your business card to Emily Fay, Worldwide Information, c/o STBS.

1 Bedford Street, London, WC2E 9PP TEL: 01 386 9322

Soviet Union's closer integration into the world economy

20,000 0000 Victor of North -----e Carron de les les ACCOUNT OF THE SAME. 20 TA 1 T 1 T 2 T الرائعيان 20 20 to 100

action of the engine

資金を行っています。 The same of the same The Literal 2000年1月1日日本 BASE CONTRACTOR Sec. 1 5 - d C- -is Parker of the \$ 2 4 1 Jam 2-4

2 th se 17 .24 100 Str. 5 ME भीनक्षाक्षा अस्त्र कारा मुख्यक

Ital Stranger on a

The second of the second The Participation The State of the State of State and State 2 April 18 Comment of the Part o to the same of the

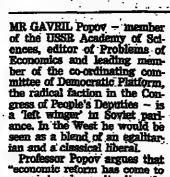
Part in se 4 200 The same

in the second A. T. C. P.

See sto College Panie S

and a

To spen Er



CADAS. STABOAK

Section No. of Street,

NAME OF STREET

254 (245 to 1) (245 to

The second secon

Our economien

Sowiet Chiefish

1 - A2 0"

والعالم المعالي المالي الم

T. 25.

2 3 12E St

imingration (th)

World econts

Presupposes

Professor Popov argues that "economic reform has come to a point where it directly touches upon the privileges of the communist apparatus and even threatens its very exis-"This is why external pres-

sure must be imposed either by the Supreme Soviet or by the Party Congress." These bodies will push only if pushed, in turn, by the people. "Neither Gorbachev nor Ryzhkov is able to introduce these changes on their own initiative," he

The public is against price reform, he admits, but he ascribes this reluctance to the ascribes this reinctance to the tus are against rationing, fear of being deceived once because they can now obtain

"THE SOVIET people want a central bank that will some-

central bank that will some-times say neet to the Govern-ment." With these words Mr Victor Geraschenko, chairman of the State Bank of the Soviet

Union since August last year, claims his independence. Equally bluntly, he asserts that "the decision to put the price reform under the table is

unforgivable. We have lost two

years. Economic reform will not work without price reform.
The later price reform starts,
the more time we will lose.
"The internal price system is

such that we cannot work out a realistic rate of exchange for the rouble." Similarly, "our proposals for changes in inter-

est rates cannot work without the price reform." Nowadays,

he notes, enterprises only pay interest at around 2 per cent,

Interview: Gavril Popov

The party as villain

again by the government. "If supplies at the low official only 40 per cent of the surplus other people come to power, whom the people trust, they will agree to the reform."

To alleviate popular resisting alleviate popular resisting for combining price reform people would have to justify with rationing of basic foodstalls for the benefit of values. The power would disappear as a result of the proposed reform."

The government may resist the idea, but "monetary reform is inevitable. The point is that some savings at all. They live stuffs for the benefit of values." for combining price reform with rationing of basic food-stuffs for the benefit of vulnerable groups, like pensioners.

A sharp decline in investment and defence spending will release yest resources to

Only members of the appara-

Interview: Victor Geraschenko

Model central banker

"which is why enterprises have a huge stock of materials which they can use for barter purposes."

The State Bank proposes,

instead, interest rates of 6 per cent on short term credit (of up to a year), rising to 9 per cent

for credit of over three years. Maybe we will introduce the

reform in stages. But for indus-trial units we will be able to introduce the new interest rate

structure in the second half of

Kven with price and interest rate reforms, "we will not be able to have an ideal banking system, in which the bank manager will be able to say

'no' to enterprises, he says.
"The previous centralisation under the pretext of 'rational'

development means that many enterprises are monopolies."

this year.

unable to do this, they would have the money confiscated or, more likely, would leave it

unclaimed. His proposal differs from that of the United Workers Front, a "conservative" popu-fist movement, which favours confiscation of all sums over a certain amount — perhaps Ebs15,000 (£35,000 at the official

accumulated by members of the apparatus does not correspond to the low salaries they have had all these years. They

have a lot of privileges which later turn into money savings."
The monopolisation of the economy is the most intracta-ble long term problem, admits Professor Popov, None the less, he retains a radical vision of

the retains a radical vision of the inture.

Ultimately, he hopes, 20 per cent of property will be in fam-ily hands, 30 per cent in the state sector and the rest in var-ious collective forms, including share-holding and co-opera-

Of the state sector only a third should remain in the hands of the central govern-ment, with the rest going to the republics.
Professor Popov regrets the

Professor Popov regrets the failure of the newly-introduced draft law on property to include private property (other than family property).

Once more, he blames the Party, ascribing the failure to the attacks upon private property at the pleasary meeting of the Communist Party's Central Committee in February.

imittee in February.

Rheson (160bn at the official exchange rate) in Treasury Obligations in 1990. The inter-est rate is to be 5 per cent and

the plan is to start repayment in 1966. "Personally, I am not sure that this type of issue will work. I thank the interest rate

needs to be higher and the period shorter."

Mr Geraschenko's favoured

method of soaking up excess liquidity – estimated by the State Bank at Rhuisotn, below

tious hopes for an independent central bank and financial sys-tem will survive the shock,

led with a minime of Japanese, Chinese, Americans, and Koreans, from both North and This is to be expected, given the city's location. Yet it is none the less symbolic of what the Soviet government would

River from the northern tip of

Manchuria in the Soviet Far East, was in early February fil-

In this sense, the Soviet Far East is a promise that has area equal in size to Australia

area equal in size to Australia and accounting for 27 per cent of Soviet territory. Yet it is sparsely populated and rich in natural resources — timber, coal, oil and gas, and a host of minerals — that have never been fully developed.

Big infrastructural projects to develop coal and gas exports to Japan were seriously discussed more than 20 years ago, but these fell pray to the chilly relations between Moscow and Washington, when Japanese

Washington, when Japanese companies declined to move forward without US backing.

President Mikhail Gorbachev signalled a new thrust to develop the Far East in 1986, in the Uladiunciest speech where his Vladivostock speech, where he called for closer ties with Asian nations. The speech was greated with suspicion by the US and other nations of the Pacific, who feared expansion of Soviet naval and air power. Although fear of Soviet power has receded, and the economic and trade climate has improved, hopes for rapid development of the Far East may still prove premature because of continued obstacles both domestically and with for-

State Bank at Rheusons, below the Rosu65bn estimate of the State Committee on Statistics—is the sale of the housing stock, not the sale of equity in enterprises (to which his objection is simply that there is not enough private liquid wealth).

Mr Geraschenko notes that "the exchange rate is unrealistic. Of course many people in the Soviet Union say we need to make the rouble convertible tomorrow, that this will solve all our problems. But I think this is ridiculous. Who will earn the dollars? He also remarks that we need to monitor the whole external situation. We need to be care that we can repay." eign partners.
A characteristically grand Rbs200bn investment programme by 2000 was fixed in 1986, following Mr Gorbachev's speech. Yet Mr Oleg Renzin, an economist at the Far Rastern Branch of the Institute of Economist Recearch in Khahawe can repay."

Mr Geraschenko warns that the Soviet Union "is likely to go through a certain period of difficulty to control inflation."

The question is whether the economic reform and the ambitum home for an independent nomic Research in Khaba-rovak, says the programme is already in deficit and the investment figures have been

Even so, as Mr Renzin points out, this is not necessarily such a bad thing. As a less

THE Intourist Hotel in developed region, the Far East Khabarovsk, across the Amur economy is less distorted by the Soviet central planners obsession with producer goods, Mr Gorbachev's vision of Far East development emphasised raw materials and heavy industries, with provision of housing, food and consume

goods a mere afterthought. There is at least a possibility that Far Eastern development. that Far Eastern development, integrated with regional economies, can be demand led and thus end up producing and trading for more useful goods.

The Far East is not a low-cost operating base. Severe Arctic weather conditions affect most of the area, and 30 per cent is in permaferat This like but has so far failed to achieve - broad integration of the Soviet Far East with the world's most dynamic economic region along the Pacific per cent is in permatrost. This condition leads to water-logged surface condition in the sum-

SOVIET FAR EAST

High hopes

mer months, because of poor drainage, and prevents normal building construction, which could melt subsurface be and Labour recruitment and The Soviet Far East

is a promise that has never been fulfilled

> retention in the area has proved a persistent problem. Although wages are between 40-200 per cent higher than in central Russia, there is still littie to be purchased. Housing is in short supply and cultural momittee are austine.

There are ambitious plans to expand electricity generating capacity in the region from current levels of 40GW to 110GW in the next 15 years. This would include a new nuclear plant, more large hydroelectric stations, a 100MW tidal power station, a vast increase in gas-fueled generators, as well as a 50 per cent increase in coal burning, even though coal's share of power generation is to drop from from 80 per cent to 50 per cent.

It remains to be seen It remains to be seen whether these plans are financially or environmentally acceptable. Mr Anatoli Kolenchenko, chairman of the recently-formed Khabarovsk Territory Committee of Nature Protection, which must now sign off on all new industrial developments, calls the local environmental situation "alarming."

The Far East has large gas deposits in Yakutia and on Sakhalin Island. The Chinese have offered to build a pipeline from Yakutia into China at their own expense, which would allow production of more than 25bn cu m of gas a

year. However, the project has stalled because of doubts over how the Chinese will pay for Similarly, the Sakhalin project for gas export to Japan is stalled. Although the Soviets have been told the Japanese do not need the gas, the more likely reason is that Tokya will form a a project of this score. frown on a project of this scope until resolution of its territo-rial dispute with Moscow. This, indeed, is inhibiting all Japanese companies, who have so far limited their involvement in the Far East to small-scale

projects, such as fish or timber processing. Hyundai has become the first South Korean company to open an office in Nakhodka, the seaport where a special economic zone is planned, and is expected to start exporting timber later this year. There is talk of a Khabarovak-Seoul air link. North Korea is setting up a joint venture to process gin-seng, while China has a joint venture restaurant, the Harbin, in the city.

Two-way border trade with China in the Khabarovsk terri-tory doubled last year to Rhs50m, although there are doubts about future growth after the licence requires were imposed on local enter-prises by the central govern-ment. Total foreign trade for the territory rose from

The US is also beginning to play a role. Flights to Anchorage are being planned. A small US joint venture is operating which provides services to visiting businessmen. Mr Renzin speaks optimistically about the future: We have been accumulating and have such a large lating and have such a large package of projects that this potential will inevitably come into being."

Yet what has happened so far is really small potatoes and it remains to be seen whether Moscow will set conditions to make large-scale foreign involvement of the sort unvisioned attractive.

Steven Buller

January 1990 -

ment and defence spending "will release vast resources to the consumer sector, whereupon market prices will go down, though they will be higher than they are now.

"In any case, the government will end up with a system of rationing, but not until it has first ruined the country. Only members of the appara-

exchange rate).

Professor Popov's intention, in contrast, "is to show as much consideration for the people as possible. This is why

Accordingly, "we will have administrative methods and beggaining between enterprises and the Government for a com-

paratively long period of time.

The current difficult economic situation Mr Geras-

chenko ascribes to "the changes introduced in 1987, under the belief that if emer-

prises were free to choose what to produce and how to satisfy market demand, everything

on the verge of poverty. When real democracy appears in this country, deputies from poor regions will be under great pressure to carry out the reform and confiscate surplus money. So we have to be ahead "But once again we experi-ence stubborn resistance on the part of the Party appara-tus. The fact is that the money

would work perfectly." Control would work perfectly." Control over wages was then lost.
"There has been a lot of discussion of the desirability of monetary reform. In my opinion monetary reform will not solve the problem." Mr Geraschenko notes that monetary reform must affect the unit of continuous savers. "Some people money from the grey economy, but I do not think it would achieve this. The wealth of people engaged in the grey economy is in durable goods." Not that Mr Geraschenko is any more enamoured of the Ministry of Finance's proposals for financing the fiscal deficit. ordinary savers. Some people in trade unions say that a money reform would take The Ministry of Finance is planning to issue up to

CO-OPERATIVES

Right reform at wrong time

Gorbachev and the radical. economic reformers, co-operatives are a respectful Leadnist route to a market

sconomy.

The Law on Co-operatives adopted in May 1983 was correspondingly radical. As his study of economic reform in the Soviet Union,* "the law illustrates how much easier it is for Soviet communista to eccept the market than private ownership."
Unfortunately, this turned out to be a case of the right reform at the wrong time.
At one level co-operatives have been a moneral of the Ceongiyevich Rudenko, president of the All-Russian president of the All-Russian Union of United Co-operatives and himself an active mpressive statistics. In Leningrad, he says, there are now 7,000 co-opera

employing 300,000. In the Russian Federal Republic as a whole co-operatives contay

more than 1m, while their turnover has sourced from about Khulbn (21bn at the official exchange rate) in 1867 to Rhaddun in 1869. In essence, co-operatives are private businesses. A faintnum of three founders is required, enert from the is required, enert from the

for the opportunity to earn a higher income. The labour productivity of workers in co-operatives was three, five and even 18 times higher than in ordinary production, reported hypothetical reported hyp

Co-operatives stick out like a sore thumb. They were introduced into an economy (and society) that has no legitimate place for them

hority, which must provide both registration and premises. Once established, the business can be resold; it is property.

Additional workers can join

atther as partners or under a wage contract. People like Professor Alexei Sergeyev, an adviser to the conservative United Workers Front, complain about the lack of job security. But this is probably a small price to pay

Italmacchine Plants Sp.A.

- in restaurants and medical acreices, for example — that are either far better than state

are either far better than state provision or have no state agnivalent at all.

The high prices in en-operatives do not just affact foreigners. Ordinary Soviet eitizens see both the high prices and, by their standards, inge incomes. State functionaries, in particular, feel the direct competition of to-operatives, complaining

People mean about the new millionaires. As supply conditions in state mean date through the investment consequence of the Government's inflationary policies and the collapse of ware discipline in state enterprises — co-operatives have become a material apegoat. Here, at least, is

Trading and purchasing co-operatives are not being registered at all in both

registered at all in both Leningrad and Moscow, while in Moscow medical co-operatives have been closed down. In Uzbekistan all trade and purchasing co-operatives have been closed down. It has been made difficult for co-operatives to withdraw money from their own accounts in state benks, says Mr Rudesko. They have even been put under strong moral pressure to pay lower wages. In short, co-operatives stick

Italmacchine Plants, engineering and contracting company, member of the Leather Technology Group, leader in the leather, footwear and leather goods industry, with substantial participations in the major Italian machinery manufacturers, is capable to offer to the Soviet Union:

Turn-key projects

- Technical assistance and know-how - Machinery and equipment supply

 Compensation trade - Buy-back agreements

- Joint-ventures establishment

- Project financing

The group and associated companies have secured in the last years to Soviet Union entities various projects, totalling over US\$ 250 million,

- a shoe components manufacturing turn-key project, Moscow

- rehabilitation of various tanneries throughout the country - joint-venture companies in Togliattigrad and Vitebsk

Currently, our group promotes and is expected to finalize projects in the Soviet Union worth US\$ 300 million approx., to enter into force in the two

For leather and footwear projects in the Soviet Union, please contact us: Italmacchine Plants S.p.A.

Corso Magenta, 46 20123 MILANO Italy Telephone: 2-801576 Telefax: 2-8053607 Telex: 334009 PLANTS I

Att.: Vito Curri, Sen. Engineer, Projects Director

that "co-operatives will damage the state sector, because they will siphon off efficient and energetic co-operatives and good specialists and introduce mercanary motives into the moral atmosphere" (Evestia, February 27 1988). February 27 1988).

unite.
"We live in the irenches,"
complains life Rudenko.
Taxation is arbitrary. In
Leningrad, he claims, it is
difficult to register new
co-operatives and often
impossible to obtain premis
Trading and purchasing

In short, co-operatives stick out like a sore thumb. They were introduced into an economy (and society) that has no legitimate place for them. They enjoy no stable legal framework and suffer from arbitrary tarative. These from arbitrary taxation. They find it almost impossible to obtain supplies from official sources and are

currey and are
terrey and black markets.
Expossive supplies must
mean high prices at the point
of sale. Yet huge profits can
be made, given the scale of
numet demands. It is no
wonder that are constitutes are unmet demands. It is no wonder that co-operatives are labelled "profiteers" and have become closely associated in the public mind with the black whom they must often depend. The world of the

co-operatives is that of Joseph Heller's Catch 22: as an alien implant in the Soviet shoringe economy, co-operatives must operate in the risky and expensive world of the grey economy; but, because of their inevitably high prices, the hody politic rejects them still more firmly. Hovering on the houndary between legality boundary between legality and illegality, between legitimecy and persecution, the state of the co-operatives symbolises that of economic reform itself.

* Anders Ashind, Gorbachen's Struggle for Economic Reform (Ithaca, New York: Cornell University Press, 1989)

This amountement opposes as a souther of record only.



SOVBUTITAL

A Soviet-Italian Joint Venture advised by:

Morgan Grenfell & Co. Limited

Moscow Narodny Bank Limited

DM410,000,000

Project Financing

to finance the offshore costs associated with the construction of a petrochemical facility for the production of butyl and halo-butyl rubbers at Tobolsk in the USSR.

Morgan Grenfell & Co. Limited Moscow Narodny Bank Limited Istituto Bancario San Paolo di Torino

Provided by

Morgan Grenfell & Co. Limited

Istituto Bancario San Paolo di Torino (London Branch)

Moscow Narodny Bank Limited

Banca Popolare di Milano

Donau Bank

Kansallis Banking Group Banque Nationale de Paris Ost-West Handelsbank

Cassa di Risparmio di Genova e Imperia

Banca Agricola Milanese Creditanstalt Bankverein

Morgan Grenfell & Co. Limited

Banks' role in communist demonology makes their reform sensitive, writes David Lascelles

In search of greater financial discipline

REFORM of the Soviet banking system is one of the key elements of President Mikhail Gorbachev's drive for greater efficiency. He wants banks to help to introduce proper credit disciplines into the Soviet economy. But the task is immense, and the disciplines will only work if credit — like everything else - is given a proper price.

The reform is specially sensitive because of the high place that banks have always occupied in communist demonology. The state apparatus is also loth to hand financing power over to the hanks. None the less, change is afoot, and banking legislation will be proposed quite

The aim is to introduce the classical banking structure of a market economy," says Mr Sergei Yegorov, the chairman of the Moscow Bank-ing Union, the trade association for independent banks in the capital.

Traditionally, banking has been a state monopoly handled by Gosbank, the state bank. But it was not banking in the western sense, more a machine for doling out state investments. Two years ago, moves began to break this monopoly and introduce commercial banking.

Gosbank pulled out of the finance

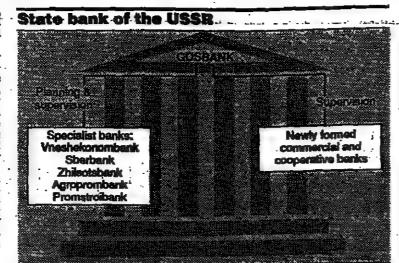
ing business, handing over most of its lending and other functions to five specialised banks, Agroprombank for agriculture, Zhilsotsbank for municipal services, Promstrol Sherbank for personal savings, and Vneshekonombank for international

At the same time, the establishment of independent banks was permitted, and these sprang up like mushrooms. Within 18 months, there were some 200 of them. They took three forms, so-called branch banks created and owned by large enterprises such as the automobile industry, co-operative banks, and innovation banks which are similar to western venture capital banks.

The hope is that the specialist banks will play a big role in gingering up the market by becoming universal banks and competing among each other western-style. Some of them may even be converted into joint stock banks with corporate

But thus far their record has been disappointing. They have been accused of merely creating their own monopolies and adding even more bureaucracy to the banking system. And as far as Gosbank is concerned it represents a loss of monetary control because the banks still dole out huge amounts of loans according to ministerial diktat rather than applying proper credit

We have not achieved much that is positive with the banking reform so far," admits Mr Victor Geras-chenko, the chairman of Gosbank



who strongly favours radical

nanges. Sberbank with its Rbs340bn to play a more active role than in the past when it merely acted as a wacuum cleaner for savings to finance the government deficit. However its 77,000 spancies are only 10 per cent automated, and its

profitability is entirely at the mercy of whatever interest rates the authorities choose to set. Although it has joined Visa, its credit cards

are virtually unusable in the Soviet Union, and there are only four cash machines in the entire country. None the less, the laborious process of training staff for a new era has begun, and small numbers are being sent abroad to learn the art of

benking, in places like London.

The higgest changes have taken place in the commercial banking sector where several dozen nev banks are now in business, 60 of them in Moscow alone. mous inefficiencies and distortions. of the state system to accumulate clients and make good trading prof-

For example, the Commercial Bank for Innovations in Moscow reckons to provide a much wider and faster service than any state bank, according to its chairman Mr Mikhail Khodorkovsky. He arbi-trages the Soviet Union's multiple deposit and internal currency markeis to achieve dealing spreads that would make any western banker's mouth water.

Similarly, the Innovation Bank of Leningrad is able to raise deposits at 56 per cent and lend them out at 10 per cent, according to its deputy director, Mr Vladimir Pletney, though like many new banks it also specialises in financing entrepreneurs, and providing other services

The huge publicity which the commercial banks have enjoyed has probably exaggerated their importance. They still account for less than 2 per cent of total banking assets, though Leningrad bankers assers, mough Learngran bankers alim to have 11 per cant of com-mercial assets in their city. Many of them have also been derided as "pocket banks" because of their incestrous relationships with their

On the other hand, they are encouraging grass roots entrepreneurship, and fostering through their inter-bank activity the beginnings of a rouble money money

But good times will not be typical of life for commercial banks. At the moment they have little regulation or competition, and are also widely mistrusted for their inexperience

and high loan charges.

"Now, commercial banks are taking the cream," says Mr Yegorov, "but they realise the golden times will pass." Last year they were also subjected to a 60 per cent tax rate which has made them complete. which has made them complain furiously of discrimination. The new package of banking leg-

lation will come in two parts, one on the role of Gosbank and the other on the banking system itself. It will establish Gosbank as the Soviet central bank and supervisory authority, and will lay down capital prudent banking, such as compul-sory reserves. Auditing will also be

More controversial is likely to be its provisions for interest rate con-trol. The independent banks expect to have their freedom of action to have their freedom of action tightly curtailed by the law, particularly insofar as loan charges are concerned, though there may also be callings on deposits rates to prevent them competing too fiercely for funds against Sberbank.

But dramatic though all these

changes are compared with as little as three years ago, there must be doubts over how far banking reform can go without fundamental paral-lei reforms elsewhere in the Soviet

For instance, Agroprom, the agri-cultural bank, is carrying a huge portfolio of farming loans on which it can only charge 1 per cent. If it bumped up its rates, a large proportion of its borrowers would probably go bankrupt.

"This prevents us from introducing sound commercial banking on western lines tomorrow," says Mr Oleg Mozhaiskov, chief of the currency directory of Gosbank, who warns that the Finance Ministry will have to take over the burden of loan subsidies from the banking system if it is to do its job properly.

Whether all these changes will enable the Soviet Union to introduce an effective credit policy the ultimate aim - remains to be een. Gosbank will have to establish its independence from the Finance Ministry, interest rates will have to be set at realistic levels, and the whole banking system will have to be managed and supervised on com-mercial lines.

At the moment, the Soviet Union is so far away from all these goals that the prospects look distant, to put it mildly.

INTERNATIONAL BANKING

Wary look at Aladdin's cave The spirit of enterprise

TRADITIONALLY, the Soviet Union has always enjoyed a high standing in the interna-tional financial community: it paid its debts on time, and its huge natural wealth gave com-fort to its creditors. But that is eginning to change. One reason is the predictable

effect of the steady deteriora-tion in the economy. External debts are mounting and strains are beginning to appear in Moscow's hard currency accounts. But another reason is the structural one of economic reform. Where borrow-Vneshtorgbank, the foreign trade bank, it has now been dispersed among dozens of Soviet ministries and enterprises, all of which have to be separately assessed by foreign lenders. Even Vneshekonombank, Vneshtorgbank's successor under the reforms, is not backed by state guarantee.

Fortunately for the Russians. dr credit standing is sufficiently good to remain untinged by Third World-type worries. But the big question is just how much the Soviet Union will have to borrow to back into shape. Who will lend

it this money, at what price?
The Soviet debt is one area
where glasnost has yet to penetrate fully. No official figures are available. But a Moscow trade journal reported last Septrace journal reported last sep-tember that the gross hard cur-rency debt was equivalent to about \$44.7bn at the beginning of 1989, and this is not denied by Soviet banking officials. Indeed, they admit it has gone up since then.

This is not excessive for a country the size of Soviet Union, particularly since it has ome offsetting deposits in western banks, and a large gold stock. More worrying is the annual servicing cost of \$195n at a time when the Soviet Union is running a hard currency trade deficit of more than 515n a year.

than \$1bn & year.

According to the OECD, the
Soviet Union's ratio of net debt to hard currency exports exceeded 100 per cent for the first time last year. Western bankers report increasing incidents of delayed payments, and

Soviet debt

all this is pushing up the Russians' cost of money in the market, with spreads on Soviet credits more than doubling. "The situation is becoming quite tight," admits Mr Victor Geraschenko, the chairman of the State Bank, partly because additional grain purchases he says, "the Council of Ministers is aware of the situation."

On the other hand, the Soviet Union clearly does not, at this point at any rate, see its salvation in massive external borrowing. This was ruled out by Mr Nikolai Ryzhkov, the Prime Minister, in January when he said: "The govern-ment is perfectly well aware of the heavy economic and politiconsequences of high for-currency debts, and the unfortunately, continues

As for opening up the country to direct foreign invest-ment – another possible solu-tion – that remains beyond the political pale. Mr Ivan Iva-nov, deputy chairman of the State Committee on Foreign Economic Relations, which oversees the entire foreign trade system, says: "There are still very strong philosophical objections to that, to say noth-ing of technical obstacles. Let's

wait and see."
For all these reasons, the role of western finance is

expected to remain rather limhad in the formerable future Moscow's 43 strong foreign banking community is focus ing on financing opportunities for very-specific projects, pref-erably those with some kind of

> with non-recourse finance The decentralisation of foreign trade has been a compli-cating factor for foreign bankcating factor for foreign benk-ers, who have been cautious about dealing with unfamiliar entities whose credit standing is unclear. "We would have to look very carefully at the new banks," says Mr Richard Cole, the Midland Bank's representa-tive in Moscow. The western governments, official expect governments' official export credit agencies are also having to decide whether to extend their guarantees to new names. So far only three, the Belgian, Italian and Spanish, are doing so on a regular basis.
>
> Vneshekonombank, which

foreign currency generating content, while the Russians

vneshekonombank, which regulates the foreign borrowings of Soviet enterprises, has been cautious about loosening the reins, knowing that decentralisation can quickly lead to matters getting out of control—as happened in China during the reforms in the mid-1980s.

So far, according to Mr Alexander Kolpakov, a general manager at the bank, it has

only licensed 49 enterprises from thousands of applications. And all those are required to make it plain to their creditors make it plain to their creditors that they have no state guarantees. "We have to be very cautious because of the inexperience of these enterprises," be says. On the other hand, the fact that they have been licensed is itself a comfort because it means they have official Soviet approval.

Extended to their creditors are a state of the same in the same that they have official Soviet approval.

Foreign borrowing rights are also being withheld from the small new commercial banks amali new commercial banks which are springing up around the country, many of them itching to get involved in hard currency business. "None of them are equipped to deal in international markets," says mr Kolpakov, "Even we have a shortage of qualified staff."

For many enterprises, the only way to obtain currency is through the official suctions. But so far only two of these have been held, and the participants have been limited to the more important state-owned enterprises with the result that the amount of currency traded has been tiny. Although many experts are saying the auctions should be opened up, Vneshe-konombank seems wary of making them too big too quickly.

ation last year of a new bank, Moscow International Bank as a joint venture between Vns-shekonombank and six westsnekonomiank and ark west-ern banks. Although not yet up and running, the new bank will have borrowing rights and could become another impor-tant source of Soviet finance. tant source of Soviet Imance.

Eventually, the Soviet Union will get round to applying for membership of the International Monetary Fund, and following that the World Bank. Talks are only at the initial stage, but Soviet efficials are aiready indicating that their motives are not simply to lay their hands on large new their hands on large new sources of finance. "If we join the list it will not be to open up an Aladdin's cave but to import external discipline," says Mr Geraschenko at the

David Laucelles

Interview: Bakhytbek Baiseitov of Centerbank, Alma Ata

TWO YEARS ago Mr Bakhythek Balseitov was an official in Gosbank in Kazakhstan. Then along came the banking reforms, and be immediately seized the opportunity to become founder and presi-dent of the Alma Ata Central Co-operative Bank, or Center-bank as it prefers to be known.

Today, he is one of the Soviet Union's banking entre-preneurs. Youthful, dynamic, he is typical of the small but resourceful breed of young husinessmen who here syring out of the Soviet state machine at the merest hint of liberalisation. Operating from cramped offices in the Kazakh capital he bustles around town in vans

he bustles around town in vans and jeeps, drumming up bust-ness, keeping customers happy, watching out for deals. "The spirit of enterprise is very strong," he says. "Many people want to do it, but the opportunities are very small." "In some respects, he operates, in a dresin market. This state.

banking system is so ineffi-cient that enterprise managers are thankful to switch their business to Centerbank even though its charges are high. And there are so many distor-tions in the system that bar-gains abound for those with a

sharp eye. On the other hand, Centerbank is still at the mercy of the state system for regulation; money transfers and taxation, all of which cramp its style.

Also, the unpopularity of the
co-operative sector to which
two thirds of the bank's clients belong casts an element of uncertainty over the busine

Centerbank was registered in September 1968 and by last month had grown to have own funds of Rbs24m and total much of Rbs45m. It has about 600 clients and employs 38 peo-ple. Its clients include organi-sations like Universal, a twoyear old repair services co-op-erative, and a new restaurant specialiting in Korean culains.

Although it provides stan-dard banking services such as deposit-taking, lending and money transfers, Centerbank makes more than half its money from fee-generating business, such as advising on and financing joint ventures, consulting, and providing tax accounting services.

It also plays a venture capi-tal role. Thus far it has invested about RbsIm in six enterprises in auto repair, veg-etable canning, tourism, foot-ball, trading and construction. Mr Baiseitov says he is also in the process of negotiating a joint venture in the advertising business with a German com-

To what extent Centerbank employs financial disciplines employs mancial disciplines that would recognisable to capitalists is hard to judge. Mr Baiseitov himself admits that expertise is the one commodity he finds in shortest supply in trying to build the business. He makes his credit deci-

sions by classifying would-be borrowers in three ways: those whose credit standing is unquestioned either because of their strong backing or sound management, those which be knows less well but who still enjoy a good reputation, and those of doubtful standing. This is a far from perfect system, and he acknowledges that Centerbank already has some had credits. "But we are a ven-

ture business," he says.

Mr Baiseitov is, not surprisingly, an enthusiast for economic reform. "We need proper relationships between enterprises, and with the right mea-sures the Soviet economy could make a big jump forward," he says. But as a mem-ber of the Communist Party he elso wants to see safeguards.
"We need reform to stimulate private enterprise, but also a tax system that redistributes wealth that is created."

David Lascelles

GALLERY. Europe's leading dealer of Russian Art, buying

direct from the USSR.

29 BRUTON STREET, LONDON, WI Telephone 01-495 4747, Fax 01-495 6232

If you want to participate perestroika Vneshstroykomplex will help you!

Vneshstroykomplex

is a business association, a new economic organization born of economic reforms in the USSR. Its activity covers construction and the manufacture of building materials

Vneshstroykomplex

unites 85 design and construction companies, building material and transportation concerns. They are potential customers and reliable partners for various joint construction and modification projects in the social and economic development of Siberia, the Soviet Far East, the Northern and Southern regions of the Soviet Union.

Vneshstroykomplex

is your potential partner in:

- exports, imports and barter deals leasing of machinery and equipment
- industrial cooperation
- foint ventures

19/21 5th.St. Yamskogo Polya 125124, Moscow, USSR telex: 411740 VSK SU; telefax: 250-37-91



Separates From the friction.

Bernard Krief - East Europe **IS UNIQUE**

Unique partners

ncom, the AS-Union Research hastitute he Systems Studies (VIBS) of the Soriet my of Sciences and the international Research Institute of Management Sciences

Unique services

Assistance to Western companies to develop existing operations or start new vestures in the USSE and Eastern Europe; help for Soviet and other COMECOM commercial entities to poseinate Western markets, leasibility studies, search for portners, contract augustation, including implementation and monitoring results.

Our 180 anember still are incated in ; Binstow : 9 Prospect 60 - Let Octyabrin, 187312 Binstow, Pel. : 140.4575; Pax : 125.7066. Paxis : 15 rae de Bax, 75067 Paris, Tel. : (1) 45.44.38.28; Pax : (1) 42.22.91.36; Washington : 2011 Wilson Boulerard, Smile 700, Arlington, Vinginia 22201, Tel. : (700) 875-8792; Pax : (700) 528-7581. Brussels : Thur Louise, 160 anemie Louise, 1890 Beautab, Tel. : 614.1794 Brussels : Thur Louise, 160 anemie Louise, 1890 Beautab, Tel. : 614.1794 Brussels : Thur Louise, 160 anemie Louise, 1890 Beautab, Tel. : 614.1794 Brussels : Thur Louise, 1890 Brussels : Thur Louise, 160 anemie Louise, 1890 Brussels : Thur Brus



- A Soviet-Austrian Joint Venture INTERUNIS

modern laser

spectroscope systems develops and manufactures these systems in accordance with the

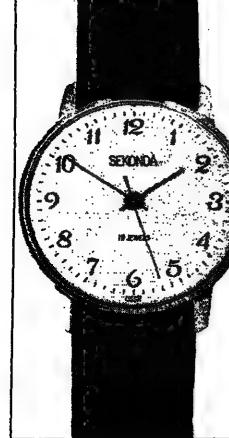
customer's specific requirement designs new and adapts standard

programmes for the systems. sets up and undertakes after cales servicing of scientific instruments and medical equipment in the USSR supplied by foreign firms

fulfils orders for research,

INTERUNIS 24 Kirova St. Rid.3-4, P.O. Box 583 101000, Moscow, USSR Tel. 923-56-04; 923-52-78. elaborates spectral and optical measurement procedures and

provides consulting, marketing and other business service



WHO'S INVESTING **ROUND THE CLOCK IN RUSSIA?**

Although Time Products has had trading links with Russia for nearly thirty years, this is our first joint venture.

> Chasprom controls virtually all Soviet watch production.

> > Our joint aim is to develop the Russian watch industry.

Time Products will supply and install new

We'll provide design and technical expertise.

We'll add distribution, marketing and advertising to build quality

enormous demand for Westernstyled watches, in Comecon countries and throughout the

We already have exclusive rights to sell Russian watches in the UK, many of which are sold under our Sekonda name.

This joint venture gives us worldwide exclusivity on the sale of all watches made on the new equipment.

It is an ideal partnership.

We look forward confidently to the next thirty

A joint venture between MGO Chasprom & Time Products plc





Industry must choose between obeying the ministries or the market, writes Charles Leadbeater

SOVIET industrial enterprises are caught between the ministries andthe market as they enter the 1990s. A transformation of the status and performance of Soviet indus-

trial amalgamations has been at the heart of economic reform since 1987. In the past three years joint ven-tures have been encouraged to bring in foreign management and technology. Co-operatives are allowed to operate like quasi-private companies. But the centre-piece has been self financing at lumbering state enterprises to give them more responsibility for their performance and profits.

For instance in Belorussia only two of the 20 joint ventures signed have started production. Co-opera-tives contribute only 0.5 per cent of

Cost accounting is claimed to free Cost accounting is claimed to free the state from paying subsidies and to give enterprises limited commercial freedom. They can engage directly in foreign markets without going through foreign trade organisations. They can dispose of output in excess of the planned requirements, at negotiated prices. The weakening strictures of the plan should gradually mix with the incentives and disciplines of the market.

But this attempt to pursue eco-

AS THE Soviet Union bubbles with.

new ideas for reviving its economy, few float more frequently to the sur-face than a securities market. But

how realistic is that in a country where ownership is so firmly in state hands? On the other hand, few

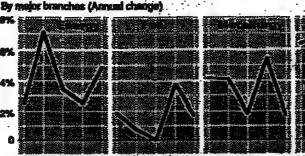
events would more dramatically highlight the country's determina-tion to change than the re-opening of the Moscow Stock Exchange.

There are certainly few ideological objections to the idea; the government seems broadly in favour. The obstacles lie more in the

immensity of the task of aconomic reform, particularly in the pricing of financial assets and the establish-ment of ownership rights.

roin

Gross industrial output



name rators through a gras root transformation of Soviet industry has to be set in its wider economic on bartering between enterprises and ministries. It is commonplace for enterprises to claim supplies well in excess of what they need. Skorahod, the Leningrad shoe smalcontext. Three Soviet economies are affected by the reforms.

First, there is the privileged gamation, has 20,000 aq m of storage space, almost as much as its main production area, to accommodate aix months of stock in some lines because supplies are so succeptain.

But over-estimating supplies serves another purpose. For the third Soviet economy is a purely barter economy, in which supplies are paid for in kind rather than with money. It is independent, unregulated, unplaymed and unaccontacted, unplaymed and unaccountered.

counted for by state statistics.
This grey economy extends from the black market into the state sector in which, for instance, metal has become a currency. Vast inventobecome a currency. Vast invento-ries of metal are used to trade with other enterprises to procure scarce supplies. Enterprises are also increasingly paying their workers with services in kind, housing, cars, holidays and child care, rather than roubles which cannot be spent. A large part of the Soviet econ-omy, based on exchange of goods in kind, in an inefficient market, which operates without publicised

prices. It is run by powerful indus-trial fleftioms, rather than central

What progress has cost accounting made in reforming both the ing made in reforming both the planned and bartered economy?
Cost accounting is commonplace, with managers proudly proclaiming that they receive no subsidy from the state. But it falls well short of independence. Most output and supplies are set by state orders, which limit how much enterprises can produce. In sectors with scute consumer shortages state orders are sumer shortages state orders are likely to be increasingly important.

anciled are so distorted. Prices nei-ther reflect the costs of production, the balance of supply and demand nor world market prices. The accounts of self-financing enter-prises are a labyrinth of hidden sub-

Enterprises freed from the embrace of the organisations which onopolised foreign trade are rushing into the export market to earn hard currency. To prevent this exacerbating shortages in the domestic market the state is limiting rights to conduct foreign trade. The Moscow Number One Watch The Moscow Number One Watch Factory, which exports 80 per cent of its output, claims to be completely independent of the state. It estimates it could sell 200,000 watches a year in West Germany. But the state limits it to half that. Reform has also disrupted long established supply chains, leaving some plants hanging in the air. Given the incentive of keeping more of their profit many consumer.

bookkeeping exercise, as the costs

of their profit many consumer goods plants have acted as rational monopolists, switching to higher margin, more expensive lines. There are reports of plants simply resisting state orders so they can sell as much as possible into a domestic market heart by shorteness.

market beset by shortages.
Self financing, by disrupting lines of authority which kept relations between enterprises in ramshackle order, has provoked increasing industrial conflict, between enterprises their matterners and minisprises, their customers and minis-tries. Viewed from industry, reform is essentially about how the monopoles which dominate the economy will be controlled and who will co trol them. Managers are keen to win as much control as possible,

Cost accounting seems to have created a dynamic for managers to start taking a more active, commercial approach to their enterprises. But this commercialisation is limited. Managers' support for different sorts of markets varies.

IIIX

Cushioned by acute shortages in the domestic market, they want the freedom to set prices. Without that the incentive to invest and innovate, which has received a limited stimulation with cost-accounting, will remain miniscule. But lurking within most enterprises is the threat of a massive leap in the price level. Most believe prices would at least double without state price con-

Most managers also want a labour market, to allow redundan-cies and more pay flexibility, as the disciplinary foundation for improving productivity and quality. But few are ready for the consequences: most enterprises say they could get rid of between 20 per cent and 30 per cent of their workforce. They also want more freedom to

sell into foreign markets. But few understand what it would mean to division of labour or to meet shifting consumer demands.

Finally, enterprises are as luke-warm about a capital market, in which shareholders would exert discipline over managers, as they are about ministerial control. They want negative freedom from the state, rather than the positive freedom to become private property

Given the years of stagnation and the economic jungle enterprises operate in, it is amazing how much some have achieved. In some areas defence, watches, some textiles and machine tools - the Soviet Union can match world levels. It has a strong body of engineers, edu-cation is linked to industry and there is little if any cultural bias against working in industry. At some enterprises there is a genuine desire to use self financing to

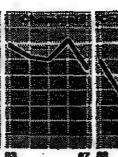
industrial flefdoms are being formed around large enterprises. A plant's prosperity will depend on joining a survival network of power-ful enterprises. The other escape routs is to climb onto islands of economic efficiency, formed around foreign capital, with links to inter-national markets. These could offer some protection from the sea of economic disorder which is developing around them.

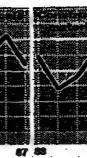
Reform has set off a process of fragmentation and disintegration within the industrial economy, without yet offering a new market basis on which relationships might be reconstructed, discipline enforced, incentives provided and efficiency increased.

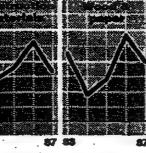
Enterprises torn between two masters

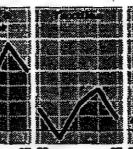


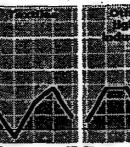


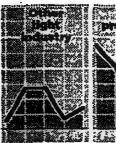


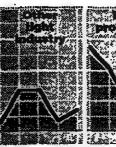


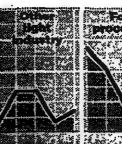












planned economy. Defence, ship-building and machine tools, for instance, have a special status in the planning system. The state closely controls these sectors main-taining a degree of order and effi-dence. Second, the ordinary planned economy is a mixture of planning. markets and barter. Plans are often changed od acc and depend largely

SECURITIES MARKET

Capital idea wins support

ise the investment process which is highly centralised and rigid," he

Another advocate is Mr Victor Geraschenko, chairman of the State Bank. "Why should private individ-uals not be able to buy shares in companies?" he asks. To those who warry about the polarisation of rich and poor, he points out that even in the US, the proportion of uncarned to total personal income is only 17 per cent and falling. "Most Americans have their wealth in their houses, not in shares," be-Advocates of a sentrities market are to be found at the highest levels in the Kramlin. Professor Nikolai Petrakov, President Mikhail Gorbe-chev's personal economic adviser,

argues that all state property should be transformed into share-holder property and traded on a is twofold. From the point of view of the enterprises, their transforma-tion into joint stock companies (for which a draft law is being prepared) would reinforce their independence, from cautral control and, hopefully, stock exchange. Only that way, he thinks, can the Soviet Union's "This shereholder form of property will make it possible to liberal-

A securities market would also play an important part in re-apping the Soviet economy's price structure, which is why some specialists believe it is more important

Advocates of a securities market are to be found at the highest levels in the Kremlin

then trying to make the rouble con-

From the investors' point of view, a market would give them some-where to put money which cur-rently sits kile in the State Savings Bank, adding to inflationary pre-sures. More than that, shares could

also be used to provide employees with much-needed incentives to take an interest in their work.

But how would it be done? Could the choice state enterprises be privatised, UK-style? The names of Aeroflot and Intourist, both hard currency earners; have been suggested as possible starters.

But the truth is that few Soviet companies are presently ripe for privatisation. One senior party official even suggests that at least 20 per cent of them are technically bank-rupt, and a greater proportion ake an interest in their work.

cent of them are technically bank-rupt, and a greater proportion would not be able to survive the rigours of the free financial market. Even if companies did not issue pure equity to start with, a stock market could be launched with them issuing debt securities. To this could be added trading in the grow-ing stream of bonds which the gov-ernment is being forced to issue to

finance its budget deficit. So the foundations of a market cruld be created quite quickly.

Mr Petrakov sees an important role for the new commercial banks here. He says they could act like western investment banks, arranging securities issues, bringing them to market, and then trading in them to provide liquidity. Other people, though, point to the possible conflicts for banks who already have credit relationships with their cilcredit relationships with their citents. Mr Vladimir Milovidov, a financial services specialist at the Institute of World Economy and International Relations, says the Soviet Union might have to introduce a US-style Glass-Steegall Act to keep investment and commercial banking apart. But mention of the words stock

But mention of the words stock market is bound to send shivers down spines shaped by 70 years of communism. Mr Anatoli Milyukov, the deputy head of the Communist Party's social and economic department, and a securities market advocate, says: "The party must make clear that this does not mean a nature to mean expenditionary days."

"The COMECON countries must fit into the world market..."



Brave new Eastern Europe has offered a challenge to the West: to build again. But as fledgling new democracies struggle to emerge, the realities of the task are daunting. In this new political landscape, doing business in Eastern Europe remains as complex. Companies looking to penetrate these markets need hard information on where the opportunities lie, how joint ventures and free-standing enterprises can be formed, who are the key contacts, and so on.

Our Eastern European specialists - based in Vienna, London and within Eastern Europe itself, the largest, oldest established and most professional team of its type - have this

You can have it in precisely the form you need it!

Business publications and newsletters; trading manuals and Country Reports; conferences and training seminars; customised research and sectoral reports.

Write today, or call Vivienne Goldsmith or Alastan Hinst on (London) 441-493 6711 for a copy of our information pack detailing how you can access this unique resource.

Countries/Areas of interest

The Economist Intelligence Unit

Business International

GLOBAL BUSINESS INFORMATION AND ADVICE

Members of The Economist Group Please mail or fax to: Business International Limited, 40 Duke Street, London W1A 1DW Tel: (441)-493 6711. Telefax (441)-491 2107

To: Vivienne Goldsmith or Alastair Hirst, Marketing Department, Business International, 40 Duke Street, London WIA 1DW, UK Please send me more details on the facts and analysis you offer on market opportunities in the newly emerging democracies of Eastern Europe. Market Sector Telephone No/Fax No_

OPPORTUNITY KNOCKS

With the recent developments in Eastern Europe creating new trade opportunities, no other bank is better placed to open doors for you than the Moscow Narodny Bank.

Established in 1919, this Sovietowned bank has developed a team of highly-skilled professionals, both Soviet and British. With 70 years' experience behind us, nobody can offer greater expertise in identifying, and gaining access to, these important and dynamic markets.

With opportunity knocking loudly, you'll find one door is already open to you. The Moscow Narodny Bank.

Moscow Narodny Bank Ltd., 81 King William Street



ngapore Branch: 50 Robinson Road, MNB Building, P.O. Box 3883, Singapore 9058. Tel: 220 9422. Fax: 225 0140, Telex: General RS 21726.



Charles Leadbeater on a consumer goods crisis which shows no sign of abating

Perestroika passes over the shops

MR YURI Aphinogenov had just about had enough. It was Friday afternoon and

the deputy director of Gostinyl Dvor, the largest department store in Leningrad, was exhausted from another week in what he describes as the Soviet Union's consumer goods war. "The clients treat us like

the enemy," he says.

Mr Aphinogenov and the 3,000 staff who work in the 275 year-old store on Nevsky Prospect, the main shopping street, are at the sharp end of the extensive consumer goods shortages. The shortages are not merely an economic prob-lem, they are vital to political

Any government's legitimacy depends on satisfying consumers by delivering rising real incomes and standards of living. In the Soviet Union real incomes have risen but the standard of living is widely perceived to have fallen under perestroika, because produc-tion has falled woefully to keep pace with demand. Only those with unlimited access to hard currency can escape the crisis. Everyone lives within the con-

fines of its stifling grip.
All the elements which have produced the consumer goods crisis are manifest through Gostinyi Dvor's arcades. Every-day 260,000 people tramp along Gostinyi Dvor's 18th century floorboards in search of prod-ucts. But only between a third and a half buy anything. Mr Aphinogenov says: "The rest just look. It is amazing because there is practically nothing to look at. Everything is sold as soon as it comes in."

This demand is the product of strong wage rises in recent years, with the move to enter-prise cost accounting which has allowed managers more discretion over pay. Professor Andrei Orlov, deputy chairman of the USSR state commission for economic reform, estimates that there are as little as Rbs0.18 worth of goods per rou-ble in circulation. In the first half of last year money incomes rose by 21.1 per cent while consumer goods produc-tion rose by 5.6 per cent. The shortages are alarming. The Gostinyi Dvor television

abop, which was full of products in 1978, now opens for just two hours a day because there is nothing to sell. Mr Aphinogenov says: "Last year we sold 15,000 televisions, we could have sold 150,000." He says shoes, clothes, children's wear and all electrical goods are

always in short smoly.

A recent official survey found that only 108 of 989 staple goods were in regular sup-ply. In September last year retailers were short of orders worth Rbs8.4bn, including large quantities of washing

fridges and wallpaper. One cause is the chronic underinvestment in the light industry, the main consumer good sector. Although it produces 14 per cent of industrial output and about 37 per cent of consumer goods, it only accounts for 4 per cent of the asset base of Soviet industry.

administration technology.



To correct this, investment is being doubled to 1995 with the aim of almost tripling consumer goods production by the

But investment is only part of the problem. Mr Aphinogenov says: "Perestroika simply has not happened. Prices have gone up, quantities have gone down and quality has not improved at all."

The move to self-financing at manufacturing enterprises has severely disrupted supply chains to retailers. Profit seek-ing enterprises have rejected state orders for unprofitable production worth at least Rbs9bn. Clothing manufacturers are switching from unprofitable lines for old people and children to more expensive goods to tap the great reser-voirs of unspent roubles. In the first half of 1988 the price of some new products and goods traded at contractural prices went up by at least 50 per cent. Quality has also deteriorated

under perestroika. In 1985 209,000 Soviet washing machines were repaired under guarantee. In 1988 the number rose to 369,000. In the same period the number of tape recorders repaired under guarantee rose from 931,000 to 1.19m, about one fifth of annual production. Some goods are of such low quality they cannot be sold even with widespread shortages. Mr Aphinogenov says: "With glasnost people have become more aware of western standards so they have become more

One of the favoured cures for state enterprises' poor produc-tion volumes and quality shortage of goods. It is virtually impossible to motivate workers to produce more by paying them more roubles, which they know are virtually worthless because there is nothing to buy. Most state enterprises are now offering to short circuit the consumer market for their workers by providing them with preferen-tial access to consumer goods at factory shops. Passage, a store which stands opposite Gostinyi Dvor, has started taking its new products direct to its supplier factories in an effort to persuade workers to produce above planned levels.



Waiting game: Long queues and empty shelves are a common site at many Moscow stores. Shop managers complain that they are "treated like the enemy" by angry customers

joint ventures Mr Aphinogenov says: "Even when they are set up joint ventures will not want to supply state shops like this, they will want to sell through their own exclusive hard cur-rency outlets."

rency outlets." Co-operatives contribute about Rbs30m to Gostinyi Dwor's Rbs450m a year turn-over. But they too have their problems according to Mr Aphinogenov: "Their products are more fashionable but their prices are high and because they use the same equipment they use the same equipment and raw materials as state

enterprises their quality is still very low."

The government has

embarked on a programme of converting defence and heavy industry production to con-sumer goods. These plants are meant to produce consumer

goods equivalent in value to the amount they pay their workers in wages. This year defence conversion is meant to contribute Rbs15bn to a goods production. However, defence conversion

faces considerable obstacles in particular many enterprises which have been used to hefty research budgets and healthy profits from a cosy relationship.

with the defence ministries, are unwilling to risk lower

system is archaic. But unfortunately the store is designed for that system. If we did away with it in one fell swoop we simply could not maintain security."

speedy improve Mr Serov says: "When customers are baying for goods and they treat you as

service.
"Service will only improve when the shortages and and there is more choice, then

MANAGEMENT

In the steps of Mr Lee lacocca

IF ECONOMIC reform is to succeed it will have to nuture constituencies of support not merely in the party and among academic economists, but amid the economy's grass roots. The attitude and skills of Soviet enterprise managers will be a vital factor. Is management a force for restructuring or an obstacle to it?

returns from making fruit juice

squeezers. Even though they have the cushion of working in

a sellers market, many defence

plants have found the switch

to developing consumer prod-ucts extremely difficult. Offi-

cials admit that at some plants

conversion has been a disputer.

In large part the state's response to the crisis has been

reform and recentralise control

in an effort to kick start con-

sumer goods production. Moves towards self-financing

have been curtailed in some sectors to restrain wage and

State control certainly looms

large in Mr Aphinogenov's work. Theoretically he can buy goods at wholesale markets.

price rises.

back away from economic

Management as it would be recognised in the West hardly exists in the Soviet Union. It has been partly political, dealing with ministries and local party officials; and partly administrative, implementing decisions made higher up and very technically biased - most enterprise directors are engi-neers. Running an enterprise has been about making things work, within state controlled

But as everything is in short supply they are distributed by ministries. Mr Aphinogenov says: "We are handcuffed. Mr Nikolai Nikolsky, direc-Because the consumer goods situation is so tense everyone wants to control us, the peo-ple's control committee, the tor of the recently formed inde-pendent Moscow Management School, says the most impor-tant complex Soviet managers suffer from is a fear of taking independent decisions. He workers' control committee, the trade union, the police, the Leningrad soviet, the minis-tries of retail trade." Three says: "Our task is not to impart a vast body of know-ledge. It is to change attitudes, times a day the store is checked to make sure it is pro-viding free clothes to refugees to show them how they can guide a plant full of people, The Soviet consumer goods shortages, which have become more intense in the past five years, are socially and politisolve a range of problems, take independent initiatives to lead the enterprise rather than cally explosive. The consumer goods market is like an enorrespond to orders from above."
Soviet managers seem eager

goods market is like an enor-mous centrifuge. The incessant search for goods, which disap-pear as soon as they are put on sale, is creating powerful pres-sures for social disintegration as people take increasingly for change. Mr Alexander Sam-sonov, director of the First Moscow Watch Factory and regarded as a conservative member of the Supreme Soviet, said: "We want freedom from perate measures to protec all arbitrary interference from the state and a reasonable . The Leningrad authorities level of taxation. The management philosophy i favour is Mr Lee Iacocca's.

The Leningrad authorities recently imposed a ban on all non-residents buying large quantities of goods in the city. Belorussia, which produces large quantities of the Soviet Union's fridges and televisions, wants to keep all the growth in output over the next few years for the republic's residents.

Everyone believes the black marketeers, the party and the retailers are working hand in glove to siphon off goods before they get to the shops. The move to self financing at manufacturing enterprises They want freedom to expand export markets and expand export markets and prices to be set by the market. They show no dislike for the profit motive. Mr Yesor Matchilsky, director of the Association of Business Co-operation commented: "Working for the profit is few expert they living profit is far easier than living with the current reality.

There is a widespread desire for a labour market which would be the foundation for would be the roundation for improving labour discipline, productivity and quality. Mr Nikolai Posysav, head of for-eign economic relations at the giant Skorahod shoe manufacmanufacturing enterprises means that people reliant on cheap, low profit margin goods, such as children and pension-ars, will loss out. Co-operatives are villied for charging-high-prices for filling the most profitable gaps in an economy dominated by monop-olists. State enterprises are turing amalgamation, said: "Workers know that if they are dismissed then can get another iob at the same rate of pay. We still cannot pay enough to people who put in good work. Without a labour market we attempting to buy and barter their way out of the market to provide their workers with scarce goods. People carrying bags from joint venture shops are eyed with envy and recentwill not have a mechanism to

improve quality."
On the face of it perestroika has unlocked managers' ambitions to develop their enterprises. Growing contact with foreign companies is opening new ideas about product develnew ideas about product development, technology and working practices. Whatever happens in debates about economic reform at the top seems to have created the beginnings of a managerial dynamic at the bottom.

But the desire for freedom is not necessarily reformist. For what is going on in Soviet industry is a struggle to work out how and who will control its monopolies. It is quite natural of monopolies to want as much freedom as possible to set their prices and output.

So while most managers sup port the market in general they are hazy about the role that private property and a capital market might play in enforcing managerial effi-ciency if state control is disbanded.

Even leasing enterprises from the state is problematic. Mr Yuri Chernichkin, deputy director of the Source brewery in Minsk, said: "We have to be very careful about leasing. Tax rates would have to come down considerably for it to be profitable, and we still rely on the ministries to help organise

our supplies."

In such a monopolised economy marketing and advertising are still largely unknown and distrusted. One British company got some of its Soviet partners together to discuss how to market and advertise a new product. The general view was that if a product needed advertising it was not very good. If it was good it would sell anyway. The group decided they would form an association of USSR producers, "What is the point of that?" asked the British manager. "To stop any-one else making the product,"

came the reply.

Management education has started to respond to rising demand for new skills. Mr Nikolsky's school is one of about 100 which have sprung up across the USSR. It is taragrees the User. It is targetted at managers under 36 years old who could be plant directors. It receives seven applicants for each of the 144 places available a year. Each

place costs Rbs3,000. The state system, in which enterprises have a strong role, is also changing. The Institute of Economic Science in Minsk, which teaches 5,000 full-time and 6,500 part-time students a year for future jobs in enterprise management, has intro-

economics and electronics. Leminist ideology still runs a deep course through manage-ment. Even the latest Soviet ent text books start with Marx and end with rousing denunciations of bourge economists' criticisms of the Soviet price system.

Take adv

Mr Ivan Lemachevsky, the young head of economics at the Minsk institute, explained that in spite of the changes the goal was still to prepare man-agers for a socialist economy. "It is an econ bureaucrats, exploitation, unearned income and labour alienation. The goals of 1917 are still relevant. We have to develop our own way, what-ever variant develops will be based on the Leninist heri-tage."

Charles Leadbeate

A glimpse of what's in store

CONTRACTS

AVAILABLE

A SOVIET/ENGLISH JOINT VENTURE

has contracts available now for Western participants in Construction, Hotels, Tourism, Transportation, Mining,

Technology, Petrol Stations, Health Care. Consultants

needed. Company Representation/Marketing undertaken.

Counting, Trading & Control International
Goathere House, Goathere, Withhire SN11 9JA
Telephone 6249 76454 Alternative 16284 71114
Telephone 6249 76252 Alternative 16248 75745

PASSAGE, one of Leningrad's largest clothing shops, offers a glimpse of what might be in store for the Soviet

Gostinyi Dvor it suffers sharp shortages. Mr Gennady Serov, the director said: "Last year we sold Rhe40m worth of es, we could have sold Rbs400m worth at twice the

But while Gostinyi Dvor

is a state shop, Passage was the first Leningrad retailer difference this independence has made to Passage's ambitions is striking. While Gostinyi Dvor's man sess little alternative to labouring under pressure from consumers, ministries and monopolistic suppliers, Passage plans to transform retuiling.

Passage was built in 1846 as an elegant, arched arcade. Mr Serov wurts to return it to its former glory and exclusive social position, providing high quality goods as prices to match. The arcade will be refurbladed for the first time for scores of years. first time for scores of years, and decked with palms.

nomic reforms have made little impact on the shortages. On

in April the management will receive a report which should lead to the store's computerisation by the end of next year. At the manner, in common with most Soviet enterprises, everything is done

The management is discussing possible manufacturing joint ventures to stimulate production of high quality goods and to corn hard currency from exports with which it could import foreign goods. These will be sold at a special hard current store it plans to open.

It is entering barter deals with foreign suppliers trading goods such as watches, lace and lines which can be sold

It also plans to set up a mail order shop in the store of a material shop in the store of allow customers to purchase foreign goods through Passage. The hard currency profit will be recycled to provide more foreign goods

A "commercial shop" will be opened where goods in short supply would be bought from suppliers and sold in market prices. Mr Serov also wants to end

the Soviet system of three queues per product which forces a customer to queue to choose an item, move to a second queue to pay for it and then return to the original queue to pick up the purchase. duene to pick up the par-Aiready 54 per cent of

Peacage's sales are through self service. Mr Serov says: "The queuing

However, even Passage olds out little prospect of a peedy improvement in

capegoats for the co difficult to provide any decent

people may need service and our staff will have the chance

Charles Leadbeate

PALAIS DES CONGRES

Lenin's great slogan for the Bolsheviks was socialism is soviet democracy plus electrifi-cation. If perestroiks is to suc-

caed its slogan will have to be: socialism is soviets plus televi-sions...cars, fridges, micro-waves, stereos, videos and almost every conceivable item

A 55 7 445

BRUSSELS Friday, March 23, 1990

EAST-WEST

Practical Steps Towards a New Partnership

> A Major One-Day Conference-Debate Organised by the



For more information, please contact : CLUB DE BRUXBLES 12 rue du Collège Saint-Michel B-1150 Brussels - Belgium Tel: (32.2) 771.98.90 - Fax (32.2) 770.66.71 Telex: 26005b

The Bank for Foreign Economic Affairs of the USSR (Vnesheconombank) 15, Kirovsky Prospekt, 107078, Moscow. General Telex: 411174



State-owned specialised bank Chairman of the Board: Yu.S. Moskovsky

Branches and representative offices abroad: Zurich, New York, Bombay, Cairo, Bnenos-Aires, Istanbul, Budapest

Total Assets: 70,194,760,812 roubles (as on January 1, 1989) Net income before taxation: 1,042,057,979 roubles (for 1988) Official exchange rate: 60.10 roubles = \$US 100 (as at February 8, 1990)

CCCP

Commerce Co-operates with Coventry Polytechnic

British Telecom British Steel Courtaulds Cybrid (Computers) Embank International Federal Express

Jaguar Cars Massey Ferguson Peugeot Talbot Potterton International Price Waterhouse Rank Xerox

Working with Coventry Polytechnic - Management Training for the Soviet Union.

Contact Mike Fitzgerald on (0203) 838400.



Coventry Polytechnic Priory Street. Coventry CV1 5FB. Tel: (0203) 631313. Fax: (0203) 258597.

The foreign trade company V/O "Mezhdunarodnaya Kniga" supplies Soviet newspapers and magazines for subscriptions and newsstands throughout the world. Its export catalogue contains more than 20 000 titles including 30 titles published in foreign languages, among which:

GRAINFAX LTD

CAROLINA PORT, DUNDEE, SCOTLAND DU1 3LW

* Consultants in provision and management of

grain distribution, storage, handling, processing and

CONTACT ARCHI LAMONT BSc Hone (Agric.Eng)

Dundee convenient for Baltic Sea traffic.

* Freight forwarding, export/import.

Grain analysis and quayside storage available at

TELEPHONE: 0382 453073 FAX: 0382 456482

SOVIET UNION - an illustrated monthly magazine covering various aspects of Soviet life. Published in 20 languages including English, German, French and Spanish.

MEZHDUNARODNAYA KNIGA

NEW TIMES

SPUTNIK

- a weekly on current domestic and international events. Published in English, French, German and other languages.

- a digest of Soviet press reprinting political reports, stories and business information. Published in English, French, German and other languages.

Mezhdunarodnaya Kniga are also very proud to be the importer and distributor of Europe's Business Newspaper, the Financial Times, for the Soviet Union. You can obtain any information or a catalogue of Soviet periodicals from firms in your country which have business contacts with us or directly by:

V/O "Mezhdunarodnaya Kniga" Moscow 113095, USSR tel. 095 238-46-00 telex 411160

telefax 095 230-21-17



In the realms of a fairy-tale A tough transition

MR STEPHAN Pachikov, the director of the Paragraph computer software joint venture in Moscow, has some advice for foreign investors. "They should all read Lewis Carroll," he says. "This economy is like Alice in Wonderland."

Many of the joint ventures which have been formed over the past two years are more like entrepreneurial fairy tales than industrial realities.

Joint ventures, a key ele-

ment in the economic reform programme, are meant to give Soviet enterprises access to the management expertise and technology of capitalist economies, to boost exports and ease international economy. The policy commands the support of technocrats like Mr Niholai Ryzhkov, the Prime Minister, as well as full-blown reformers, partly because it is not new.

The question hanging over joint ventures is whether they can go beyond the traditional approach, in which western management and technology were to be adapted in the name of perfecting socialism. Sovies, enterprises need deeper rela-tionships with foreign partners not just to fill in the technological gaps in their products and processes, but also to move from formal self-financing to a more thorough going commer-cialisation of their operations. The economy needs well rooted joint ventures because without tional industrial division of labour will remain largely confined to raw materials and low valued added goods,

The results of legislation since 1987 have not been impressive. According to the Association of Business Co-operation in Moscow, which organises joint ventures for a group of large Soviet enter-prises, about 6 per cent of the 1,200 joint ventures registered are operating. About half of many are simply legalised

import export operations.

Mr Yegor Matchilsky, the association's director general commented: "What have joint ventures brought us? A few shoes, but that is about it." As yet joint ventures form a very thin ring around the core of an economy which remains largely isolated. If they are to revitalise industry they will

ern Europe. It has signed five, joint ventures, with six more under negotiation in an effort to improve its much lamented record for poor quality.

If joint ventures are to helpimprove the performance of the core they will have to achieve a double integration. First they will have to find a place within the international market and its division of labour. Second, they will have to be integrated into the rest of the Soviet economy. At the moment conflicting aims and cultures, inconsistent legisla-tion and uncertainties over the repatriation of profits, make it difficult to achieve both.

Mr Matchilsky said: "Foreign investors mainly want to sell into the domestic market, but partner has to drop its imperial."

between the Ministry of Mer-chant Marine and ICI, the Brit-ish computer manufacturer, the problems are not all cre-

ish computer manufacturer, the problems are not all created by the Soviet side.

Mr Tyurin said: "Western managers do not trust their Soviet partners. They are just in the theory term to make a conick profit." quick profit."

MCS is an unequal partner-

ship he says because ICL makes a profit from final sales in the Soviet Union but also on the price it charges MCS to import the original kits. Mr Tyurin said: Foreigners think this is an underdevel-oped market ICL thinks it can sell its old technology here for a handsome price. But we could buy the elements of this

Many joint ventures formed in the past two years are more like entrepreneurial fairy tales than industrial realities ::

the government wants to mush

the government wants to push them towards exports. However, it is difficult to export to world levels using Soviet equipment and supplies."

Even if a joint venture wanted to use Soviet suppliers there is a problem. Their freedom from the system of state orders also means that they orders also means that they have no guarantees of supplies in an economy where the tur-bulence of reform is disrupting already creaking supply chains. Nor do they have the right to sell through Soviet shops. Thus joint ventures usu-ally sell through their own

exclusive outlets. So joint ventures are encouraged not to integrate with the rest of the economy but to establish little industrial islands protected from the sea.

of inefficiency and state con-trols around them.

Mr Nikolai Posyssev, Skors-hod's head of foreign economic-relations, says the development of joint ventures has put managers under strain: "Three years ago we did not do any of this, it has required a lot of training. Managers' horisons have opened up but we still have problems to overcome." But according to Mr. Vladimir Tyurin, general director of MCS, a computer assembly and

sittinds or it will find this rela-tionship will reach a dead end. Mr Matchilsky concurred "Many foreigners have not come up with the investment they promised. Quite a lot of they promised. Quite a lot of companies want a stake in what is going on without investing mything in it."

To avoid this companies like Paragraph, the Moscow software house created six months.

ago, have sought a partner, which would provide start up finance and marketing in the West but little else.

However, establishing an international software house without a convertible rouble is easier said than done. The impressive team of software authors Mr Pachikov has accomplished software authors Mr Pachikov has accomplished. assembled, could all be earning thousands of roubles a month as freelance programmers supplying Moscow's software black market. embled, could all be earning

Motivating them requires paying them in hard currency. But that is not allowed. So Mr Pachikov has had to device two financial conjuring tricks to reward his staff. The company has opened a corporate account for each programmer, into which it pays 20-40 per cent of Paragraph's export

when the programmer goes abroad he is given the money from the account. When he declares it to the customs on his return it becomes his per-

sonal property. Kompan, a Lemingrad per-sonal computer joint venture, has achieved a degree of inter-nationalisation which is assounding given the isolation-ist traditions of Soviet indusmy. It is one of the best exam-ples of how joint ventures could promote the modernisa-tion of Soviet industry.

It was created at the end of 1968 by an agreement between the Academy of Sciences and a West German marketing comwest German marketing com-pany, ICF, which provided start up capital of Rhe68,000. Last year turnover per employee was \$500,000 and this year it will build a \$1.5m assembly plant where 38 work-ers could produce 80,000 com-puters a year, raising profit-ability by 45 per cent.

If ventures like Kompan are to become more common among traditional Soviet enterprises at least three changes will be needed. They are: Western industrialists expect a wide ranging review of joint ventures this spring which could lead to a clear out of those where promised invest-ment has not materialised. Industrialists expect this review, which will embrace tax

and accountancy, may also start a shift away towards allowing foreigners to invest directly into Soviet enterprises. Lagislation, which has largely been based on some-times vague and inconsistent decrees by Council of Ministers needs, to be rationalised and based on legislation passed by the Supreme Soviet to provide more stability.

stitute for wider economic reform. They cannot be transplanted into an industrial system which works to a completely different rhythm. They will only bring benefits to Soviet industry if the economic system is opened up to them through further market ori-

TRADE UNIONS

THE EXAMPLE of Poland's conditions of work of their Solidarity has been begoining but confusing. It is the exception among trade union movetion among trade union move-ments in the de-communising communist world: nothing like it has happened since, nor is

likely to.
Indeed, even in Poland, Solidarity has not replaced the once-official union movement, OPZZ. The latter claims Sm members to Solidarity's 2m. Elsewhere the official unions are finding new leaderships, adopting newly confrontationist attitudes towards the state and enterprise management and employing new rhetoric.
But they are not in any serious way being eroded by "free" union movements. The unions look like one of the instruments of the old regime which can metamorphose into an interest group within the new, in part because they can express, and are already expressing a working class dis-trustfulness of the intelligen-tals and pro-marketeers who are in the leadership of change. The Soviet All Union Council

The Soviet All Union Council of Trade Unions (AUCTU), with 142m members in 32 branch unions, an income of Rhedma year and formally the most powerful union movement in the world, will be part of this scheme of things. It has of this scheme of things. It has
the organisation, resources and
experience to make the transition from a body which transmitted management and party
orders and provided social
security, holiday and other
banefits, to one which will
habitually occupy the labour
side of a negotiating table.
The shift will not be smooth,
and rebellions are already evi-

and rebellions are already evident. But the AUCTU is unlikely to lose a commanding place within the working class, even if it will increasingly have to adapt its structure and reflexes in order to co-opt those among the workers who will challenge this or that part of "the system", initially from the outside.

That is the task on which it is now engaged. The miners' strikes of last year threw up a new leadership which managed to wrest from the government huge concessions. Some of these leaders will, later this year, assume the leading posts in the official union of univers.

Yet the minute were not the first. In 1988, the fishermen's industrial union had objected that the

more autonomy. Now, the bag-gage handlers want independence from the air workers

As the AUCTU's structure moves to accommodate new pressures from below, so it seeks to absorb the new pressures from above. From its Sixth Plenum in 1987, the union has been formally com-mitted to independence from the Soviet state and the Com-

the Soviet state and the Com-munist Party. Now, as the party strips itself of exclusive power, it begins to look about for bargaining partners other than the Party.

Mr Yegor Yurgans is deputy head of the AUCTU's interna-tional department. He is one of the many youngish men you now meet about Moscow, clever, relativist in their views, dispassionate; a little like a policy analyst in New York or Paris, right down to the bar-bels tucked heneath his desk. This is his view: "We are get-

ting closer and closer to tradi-tional unions of the western type. We must see what these parties offer from the point of view of workers. "We can go along with much

of what perestroika offers. If perestroika is the democratisation of society, including industrial democracy, and is for more freedoms based on collec-tive freedoms, then we are for "Perestroika also means hard work. But other aspects look threatening - the emphasis on profits, for example,

could mean a new Taylorism (disciplined repetitive labour) with no redress or control. We think the co-operatives will sooner or later have to go for profit maximisation, which will mean cuts in the now high salaries and a worsening of conditions. And they are not

conditions. And they are not even taxed properly!"

Already, the unions are fighting on "issues" in a way they have not, or have not had to, before. Lest month, a raise in the cost to enterprises of diesel fuel sparked off threats

of strike as unions feared that the extra costs to the plants would come out of their mem-

bers' wages funds. The Finance Ministry backed down and promised to compen-sate the enterprises for the

price rises one for one. It showed, again, how timorous this government is on challenging workforces — espe-cially so soon before the repub-lican elections. But that is the effect of democracy, on both Indeed, the unions' emer-

gence as a "conservative" -that is, anti-market - force in society is wholly to be expec-ted. It is not surprising that Soviet unions should, as democracy tries to take root, become like other union movements. They should now take lessons from the British Trade Union Congress and (in the case of the unofficial leader-ships) the American AFL-CIO; and they should try to bully governments and enterprises (who must learn to bully back).

Making labour work

THE quality and motivation of labour is one of the most endemic and intractable problems facing the Soviet

onomy. Mr Alexander Samsonov, director of the tightly-run First Moscow Watch Pento attributes much of the 68 per cent increase in labour productivity in the past three years to a reimposition of old fashioned labour discipline. But much remains to be done.

"Our people want hard currency but they do not understand what it means to belong to the international revolution in their consciousness. The main thing is just getting staff to work harder," he says.

In some areas productivity gains have to be won by reducing the industrial workforce. In Belorusaia, for instance, industrial output has grown by 30 per cent in the past five years. For the first time this has been achieved with a decline in the

However, there remain considerable disguised unemployment in the economy. Enterprise managers generally say they could get rid of between 20 per cent and 30 per cent of their workforce.

believe it will be impossible to instill more discipline, increase productivity and improve quality without a labour market. But Mr Samsonov warned:

*Our state has siways provided for people. Now they are informed that their prospects are their own responsibility. People know that if we start to work like a western company there will be unemployment and they will not like it."

In spite of high-level criticism of "wage-levelling" and some early experiments, pay flexibility and differentials are limited. erentials are limited.

Pay is still set around centralised norms, although in recent years works collectives have been pushing managers to use the limited raise pay. This has partly fuelled the strong increases in real earnings which have

in real earnings which have exacerbated the consumer mode sinct are. Bonuses linked to plan fulfilment are an institutionalised part of the system which seem to have little impact on motivation. co-operatives, which have more flexible pay scales, are whittling away at the system. Managers of state enterprises complain that co-operatives have poached skilled staff, most of whom go because of the prospect of making healthy profits.

The most significant change of recent years is the way enterprises have extended their role as providers of consumer goods and social services for their staff. Under self-financing, enterprises have been allowed to set up unregulated post-tax social funds, with which they purchase goods and services for their staff.

Charles Leadbeate

Take advantage of our pole position in East-West trade.



Vienna is a traditional centre for East-West trade. As a neutral state in the heart of Europe we have close cultural and economic ties to East and West. You should take advantage of these contacts if you want successful East-West transactions. RZB-AUSTRIA is the bank that has all the necessary qualifications: along with its trading house F. J. Elsner & Co., it offers * countertrading transactions * dissolution of counterpurchasing obligations * individual trade financing, including à forfait purchase of receivables, as well as * speedy and smooth settlement of payment

RZB-AUSTRIA, LONDON BRANCH: 36 - 38 BOTOLPH:LANE, LONDON EC3R 8DE, Tel. 929 2288, Fox: 623 1250

ÖSTERREICH AG

RZB-AUSTRIA Landon, New York, Hong Kong, Singap Milan, Progue and Zurich, imber of UNICO Banking Grou

MASTERKEY TO TURKEY: GARANTI BANK

Garanti Bank continues to play a leading role in the banking activities accompanying Turkey's foreign trade. Garanti's clients enjoy the benefits of Garanti's wide range of international services. But what's a bonus is Garanti's ability to adapt itself to its clients' needs;

offering alternative approaches, if necessary, to meet their demands. And that is one of the reasons why, in a sector of 62 banks; Garanti has maintained its former share of 13 % of Turkey's hard currency business volume in 1989 as well. If you want to work with a bank that can open

doors for you in the complex international market, trust Garanti with its all-around services as your trade connection to Turkey. GARANTI

BELARUS TRACTOR PLANT

Slow starter

A BITING wind was driving snow into the faces of the workers hurrying from the Belarus tractor plant in Minsk. In the gathering twilight they trudged through the slush, leapt over enormous pools of muddy water in the plant's potholed roads, and dodged tractors ferrying parts between assembly lines. If this was the industrial vanguard of peres-troika it looked bedraggled and

For economic reform to succeed it has to be driven by engines of industrial efficiency. Judging by the Belarus plant, classic Soviet factory, the industrial engines are ageing, cumbersome guzzlers of materials which are in constant

danger of overheating.
The Belarus amalgamation, which was built in 1946 during the post war reconstruction of Minsk after the Nazi occupation which destroyed 80 per cent of the city, is a case study in the problems facing industrial modernisation. Judged by its yardstick very little has yet changed in the heart of Soviet industry and it will take several years of painful and costly restructuring to revitalise it.

The senior management team regards the reforms of the past faw years with a measure of complacent confidence. Mr Georgi Katskevich, deputy director for commercial relations, candidy admits which a mile and a shrust "The smile and a shrug: "The reforms have had very little impact on our operations

The managers say the plant has been self-financing since 1978, freed from a lot of letailed state involvement in its affairs, enjoys strong export demand for its tractors and is committed to constant modern-

production amalgamation in Minsk, which develops and

produces sophisticated machine tools is one of the rough cut gems of the Soviet

It suffers many of the prob-leme which ufflict most Soviet

enterprises, primarily that commands from the more than

10 ministries it deals with cut

cross the management's fleds-

ling strategy for independence. But beneath that lies an enter-prise with considerable poten-

All of Planar's output, and 50

per cent of its research is done

to state orders and sold at

prices which the state keeps at between a half and a third of

world market levels. Planar's heavy spending on research

and development, which accounts for about 15 per cent of its turnover, has been

financed by the state rather than recouped in the price of its products. Thus all Planar's

customers have been getting a disguised state subsidy in the

price they pay for its

isation. Yet nothing is ever quite as it seems at a Soviet factory.

INDUSTRY

Belarus is one of the monopolies which dominate the economy. It is the only tractor manufacturer in Belorussia and it has a virtual monopoly in the USSR for the class of tractors it makes. Although it is self financing the state is deeply involved in its activities. State farms are obliged to buy its tractors. In spite of the Soviet Union's prodigious production of about 600,000 tractors a year. the management at Belarus mend at twice that

This combination of mono polisation and consumer shortages creates an enormous obstacle to economic reform. Working within the security of a sellers market there is no competitive pressure on Bela-rus to improve efficiency. The only pressure comes from the state. So although self-financing is meant to bring more freedom in foreign trade, the plant's exports are limited to 23 per cent of the 100,000 trac-

tors it makes a year.

Belarus is an old fashioned
pusnufacturer. Most western mpanies now concentrate on excelling at designing and assembling manufactured goods, concentrating their activities on a small range of core technologies. Belarus makes tractors from start to finish. In the name of economies of scale it undertakes an array of activities, which western companies would contract out. The division of labour between anterprises is so under developed and ramshackle that Soviet factories are usually over-stretched and unwieldy.

ful if its prices are allowed to

reflect the true costs of produc-

hindered because state orders and the weakness of its suppli-

ers has forced it into activities

it would not normally under-take. Thus it has developed

and produces 10,000 video cameras and television monitors

for use on computer controlled

foundation for improving moti-vation and quality. Mr Gennadi Kushmev, a Planar plant direc-

could get rid of between 25-30

Mr Yevgeni Onegin, Planar's director said : "Unemployment

is a bad thing. But we already have enormous disguised

memployment in this country, with people doing jobs which do not really exist or people who are in jobs but who do not want to work."

Civen these difficulties and

the extremely weak incentives

The management also bemoans the lack of a labour market, which is sees as the

nunchine tools.

The enterprise has also been

There have been some move. towards simplifying its complex web of activities. Its engine plant was recently spun off to form a separate enterprise. Yet Mr Michael Kortnchuk, the chief of the economic department, estimates the workforce of 25,000 could be cut by 30 per cent if the plant sub-contracted everything it need not do itself.

The threat of large scale redundancies also limits the plant's integration into the international division of labour. It is in discussions with Perkins, the engine manufacturer, over a joint venture.

The management says working practices are converging with the West. There is meant to be complete flexibility to create two grades of multi-skilled maintenance workers. In the past four years produc-tion has increased by 18 per cent entirely through higher

modestivity.

Managers admit that in the
past three years there have
been the first signs of labour unrest. One manager candidly admitted: "With our union set animited: with our trains set up it is relatively easy to dampen unrest. Who knows what would happen if we had an independent union like western plants.

During a decade in which western tractors makers have shed thousands of workers, employment at Belarus has declined by only 600 in the past four years. Like most Soviet factories there are a lot of people around. The 20,000 production staff work in a three-shift system to allow 24-hour a day production. Western automotive companies are only just attempting to introduce round

sili Zenkovich, the chief engineer, said: "If we were integrated into the international

economic system we could get

rid of a lot of peripheral activi-ties and focus ourselves. But our isolation has meant we

have had to be self sufficient. Western companies would find

it very difficult to produce our machines in complete isola-

Given the inadequacy of

Soviet computers, the machin-ery, about a fifth of it to manu-

facture semi-conductors, is

impressive. Planar has devel-oped its own pneumatic, linear stepping motor which can

move parts in at least six direc-

tions. Mr Onegin says only

manufacture a comparable

innovatory capacity is its strong links with local univer-

sities and its extensive training programme. About 20 per cent of the more than 10,000 employ-

ees are engineers. It recruits about 60 gradu-

ates a year. Most of them will have been attached to the

enterprise and engaged in prac-tical work with it since the

The bedrock of Planar's

PLANAR

Industry's rough cut gem



the clock working. In the West the intention is to make extensive use of highly capital intensive plants. At Belsrus the sim is just to keep pumping out tractors in an effort to over-

The relentless drive for quantity makes it difficult to ensure quality. Quality is con-trolled by statistical process control at the end of each subassembly, whereas in western factories it is increasingly being written into productio workers' jobs.

The test for Planar is

whether its ethic of innovation

and technical prowess can be matched by a commercial man-agement which is able to focus

the enterprise's activities so it could become a specialist pro-

lucer in the international mar-

ket. The management is profes-sional and determined. It is

drawing up a six-year corpo-rate plan which envisages

One of the main uncertain

ties facing the enterprise is the

future structure of its owner-

ship. The managers want a col-

lective form of private property which would allow the work-force to own the plant through.

an employee share ownership

ful there will have to be large scale job cuts. It also wants to

bring in foreign partners

through joint-ventures.

Mr Onegin concluded: "We have to be integrated into the international economy. Serving

customers must be easier than serving ministers."

Charles Leadbeate

Yet if Planar is to be su

The drive for quantity also limits opportunities to invest in new technology. In the past five years more than Rhe100m has been invested. The factory has more than 100 robots and automatic manipulating devices as well as computer aided design. A new plant is being built to make compo-nents for "tractors of a qualitatively new kind". Yet the production technology still lags behind western

plants. The pressure to main-tain production means there is no summer shutdown for retooling and large-scale main-

The cavernous final assembly hall houses what the management calls its two, fully automated, production lines. Under the old system parts were delivered to the lines by teams of tractors. With the recently automated line they arrive through an integrated system of conveyor belts, although tractors still ply back and forth carrying gear boxes. In western plants automation is just reaching final trim and assembly. At Belarus it is still much further upstream.

Despening its involvem in western markets will be Beiarus' salvation only at the cost of its crucifixion his misgration into an international division of labour, to serve international markets, would demand a nationalisation of its activities, a new approach to marketing quality and product development and thousands of redundancies which would force at the cost of exacerbating demestic shortages.
In those circumstances it is

easy to see why both workers and managers might prefer life as an unwieldy monopoly locked in the tense but secure embrace of its parent ministry.

Charles Leadbeat

MACHINE TOOLS

An ill-equipped hub

INCREASING economic efficiency, carrying out the planned structural improvements, resolving social tas strengthening the country's defence capability and its international prestige and developing trade with foreign countries - all these major problems are pulled together into a single tight knot by the results of the restructuring of machine building." Thus is was that in October

1986 Mr Lev Zaikov, CPSU secretary for the defence industry, set the scene for an ambitious attempt to overhaul the hub of Soviet industry - machine tool manufacturing

The machine teol industry, which employs about 16m workers at more than 9,000 research institutes, design bur-eaus and production enterprises, is responsible for more than a quarter of the country's industrial output. From the outset it has been one of the main targets of economic When the 12th five year plan

was released in March 1986 civil machine tool manufactur-ers were faced with a bewildering array of tasks: a 43 per cent increase in production over the five years, vastly improved product quality, the rapid development of more sophisticated computer controlled machinery, and the scrapping of its own outdated equipment to assimilate a

surge of investment.

The entire tool kit of economic reform has been applied. to the rector centralised commands, administrative rationalisation, public exhortation and decentralisation of decision making to enterprises.

According to the most

anthoristive western study of the industry this melee of ends and means has generated con-siderable momentum for change at the price of indus-trial mayhem. The study, by Andrew and Bonnie Metostich," says: "Machine builders are making headway in their efforts to improve productivity, reduce waste, produce higher quality goods, develop new equipment and requip their But the study continues:
"The effect of many of these

initiatives has been to threaten the sector's stability. By alter-ing traditional objectives and priorities and severing long-es-tablished lines of authority and communication, the leadership has thrown machine building into chaos."

into chaos."
It all began with the plan's stringent targets. The 48 percent increase in output had to be achieved with a reduction in metal consumption of between 12 per cent and 18 per cent and a 20-30 per cent increase in the utilisation of equipment. Half the industry's output had to be replaced with new models.
At the same time it had to retool: more than 60 per cent of

the sector's own machinery was intended to be new by this year. Investment in the sector was due to rise by 80 per cent overall and by 250 per cent in plants producing precision instrument production.

By 1988 nearly 1,200 machine tool enterprises were covered by the Gospriemka quality control system introduced in Janu-

This array of targets was to be transmitted through a rationalised bureaucracy. which reduced the number of machine tool ministries from 11 to eight, including the merger of the Ministry of Trac-tor and Agricultural Machine Building and the Ministry of Machine Building for Animal Husbandry and Fodder Production and the abolition of the Ministry of Machine Building for Light and Food Industry

and Household Appliances.
This was combined with the creation of national interbranch scientific and technical complexes to break down the ministerial barriers which have hindered innovation.

This administrative kick start was combined with decentralisation to enterprises in areas of foreign trade, pay and retained profits, which were in ant to create a climate for continual modernisation. The demands on enterprises to increase production, raise efficiency and improve quality, while pulling down antiquated

The industry, which employs about 16m workers, is

responsible for more than a quarter of the country's industrial output. From the outset it has been one of the main targets of

production lines and taking on responsibility for foreign trade, has thrown the industry into

economic perestroika

Ministers are still hald pub-licity accountable for the perfor-mance of their ministries while being forbidden from directing day-to-day operations at enter-prises. Enterprise managers have had now responsibilities placed upon them as they have had to cope with deep changes in the lines of communication and suthority above them.

With the long established web of relationships between enterprises well and truly disenterprises well and truly dis-rupted, and the press com-menting on a state of anxiety and despair in the industry, the leadership in 1988 launched a campaign of public criticism. Penalties for late deliveries and poor quality were instru-mental in plunging the sector almost Rhedm in debt between 1998 and 1998 making the trees. 1986 and 1988, making the tranworch more hundersome

Yet the sometimes inconsis-tent package of reforms fell-well short of introducing a more competitive market. With tight controls on prices still in place the monetary rewards for innovation and higher effi-ciency are still miniscule com-pared with the West.

State orders, rather than consumer preference till dom-inate the industry. Stankoinport, which is responsible for

90 per cent of machine tool imports estimates at least two thirds of its work still comes

from state orders.

The outcome has been some improvement in the sector's performance. Production has risen by 24 per cent and the output of computer controlled machinery has risen by 37 per cent, says Stankoimport. The move to self-financing among the manufacturing enterprises which are the industry's customers has promoted more considered, innovative approaches to investment.

But the industry is still a long way from catching up with the West. Stankoimport estimates about 50 per cent of machine tools in the USSR are still manually controlled and a tour round any Soviet factory will confirm that some are ancient. The modern machinery suffers from a lack of sophisticated computers. Stankolmport officials admit the computer numeically con-trolled machines they sell abroad are relatively simple compared with many western machines. Mr Mikhail Yegorov, Stankoimport's deputy director general, says of the micro-electronics in Soviet machine tools: "They leave an awful lot to be desired."

Mr Yevgeni Filatovich, recently appointed to the newly created post of market. ing director, says: "The indus-try is still used to responding to bulk orders from the state rather than individual custom ers. Attention to customer needs is poor, the product range is too limited and quality

In the past 18 months the leadership's attention has been diverted away from the sector by rising consumer shortages. Reform may be progressing at

a slower but more sustainable and less disruptive pace. This sweeping attempt to reform machine building yields two conclusions. First, Sovist industry is better off than it was under Brezhney. Over the next decade machine tool mun ufacturers, with the growing involvement of western part-ners, will provide the rest of manufacturing industry with more reliable and technologi-cally advanced equipment which should help to raise pro-

ductivity.
Second, the modernisation programme will probably full to close the gap with the West because it has left industry at a half-way house responding to both ministries and markets, pushed by commands thid pul-led by incentives, attempting to raise profitability with little discretion over costs or prices. If the industry stays in its half-way house it could well succumb to a more efficient house the reforms will have to push the industry further towards the market and its

Charles Leadbeater

, E

27,149

of the big

17.00

2000

1471

Dr Y

100

.

Land &

1 1

11.55

0

*Soviet Economy Vol 4, No 2,

for innovation in the Soviet economy, Planar's achieve-Its move to self financing this year will only be successments are impressive. Mr Vas-HAVE TAKEN THE SOVIET UNION BY STORM The Since People is the first Western children's carbon series to be shown on restroots Soviet selevision. 26 million Show People books are about to be released in the Soviet Union. This is the result of many months effort and neglection. If you are feeling trustrated all trying to break into the Soviet marketplace, we would like to save you time and expense by introducing you to key personnet.

Contact Gary Smith at: Storm Group PLC, 10a Hagley Road, Stourbridge, West Midlends, DYS 1PS. Fax:0354 394851



RARE BOOKS ON THE SOVIET UNION

Catalogue available, including Eastern Europe & China - history, politics, travel, etc.

ORDER FORM

O Bulgaria

OXUS BOOKS, 121 Astonville St., London SW18

OPPORTUNITES IDENTIFIED AND **GUIDANCE GIVEN FOR YOU TO DO** BUSINESS IN THE USSR Advertiser based in Moscow

Fact: 1 million sq.ft. of offices for foreign tenents are to be built in the Soviet capital. Fact: 15,000 rooms are to be constructed

by major international hotellers.
Fact: New property legislation encourages land procurement and development.

are sought to supply office and hotel projects with fixtures, fittings and communication equipme are invited to participate in commercial residential and leisure hard currency

earning deals. can be advised on forthcoming prime

In the first instance please reply to Box No 9609 Financial Times, 1, Southwark Bridge, London SE1 9HL

WILLIS FABER & DUMAS LIMITED

65 years connection with the Soviet Union Insurance Market

Willis Faber & Dumas Limited Ten Trinity Square London EC3P3AX Tel: 01-488 8111 Telex: 882141 Fax: 01-488 8223



EAST EUROPEAN MARKETS

A twice monthly publication from

Financial Times Newsletters

East European Markets is an invaluable source of accurate and succinct information on Eastern Europe for international business executives.

> for further details contact: Jane Hagell on 01-240 9391

FINANCIAL TIMES EUROPE'S BUSINESS NEWSPAPER

FT Newsletters, Tower House, Southampton Street, London WC2E 7HA, England. Telephone: 01-240 9391 Telex: 296926 BUSINF G Fax: 01-240 7946

EAST EUROPEAN RISK SERVICE

What do the following mean for you? ♦ The Soviet Union's high and rising levels of foreign debt GEMU (German Economie Monetary Union)

♦ The plans for widespread private isation in Poland and Hungary ◆ Czechoslovakia's loosening of ties

with The CMEA And what are the implications for your Seentinud?



keeping up with change in Bulgaria, Czechoslovakia, East Germany, Hungary, Poland, Romania and The USSR will affect your business is by subscribing to The Economist Intelligence Unit's East European Risk Service. The service gives you a

consistent, cross country comparable

ssessment on a quarterly

Every quarter you will receive a report on each country which provides you with: Background information: an

analysis of the country's Debt Structure, recent political and economic developments; Outlook: combining short term economic forecasts, together with our independent Risk Ratings.

Each Report includes: Statistical Database covering the full range of macro-economic indicators needed to help you monitor developments in the domestic economy, the current account, external financing and

To take out an annual subscription or request further informstion this or on other East European titles please complete the

debt and assess each country's

credit risk

The Economist Intelligence Unit

The Economist Intelligence Unit is a division of London W1A 1DW, Reg. of the London W1A 1DW, Tal: 44(1) 493 6711 Croup. EVI Lid Reg. Office 25 81, James 19. London SW1 1HG. Reg. in UK, No. 1762617.

Reg. in UK, No. 1762617.

Fax: 44(1) 499 976

O East Germany O Hungary
O Poland O Romania O The USSR
Price (including postage):
Full Service - seven countries £1,130 Per country £190
 Supplement for monthly dishettes £55 ☐ I enclose a cheque for 2 _____payable to The Economist Intelligence Unit Limited (Swiss Feases / USS / Coandom & and Basechapus; cm alm e D Please invoice me Q Please send me further information. ☐ Please send details of Doing Business in Bastern Europe OR O COMPA · - TLOLA Please return to: Country Risk Services, The Forecasting Unit. • The Economist Intelligence Unit 40 Duke Street London W1A 1DW, UK Business Tel: 44(1) 493 6711 International

Please send me a subscription to the following

purchasing fixed assets then the investment fund has to be debited. But as the venture has

only just started there will be

no money in the fund. So profits have to be used to fill up

the fund, before they can be used for paying dividends. In practice most joint ventures

either ignore or avoid this by taking the profit in the price the Soviet venture pays for

supplies from the foreign part-

difficulties dealing with hard currency funds, according to

"Bard currency accounts for

joint ventures were created after May 1988 but without guidance on how to use them

Soviet accountants are largely

clueless," he says.
If a foreign partner wants an independent accountant to

examine a joint venture's books that right has to be writ-

independent accompancy is in

its infancy in the Soviet Union.

Insudit, which describes itself as the only independent audi-

tor, is 55 per cent owned by the Finance Ministry.

Three factors will determine

whether Soviet accounting develops along lines more compatible with western accounts. First, if joint ventures and enterprise self financing put down deeper roots this will force changes in accountancy.

The accounting principles for joint ventures, which are likely to be revised this spring, have

been the product of bargaining with the Finance Ministry and

developing common practices, regardless of whether it is offi-

Second, accountancy like everything else is the subject of a political struggle. For

instance, the arcane issue of how to treat stock has split the

Finance Ministry into two fac-tions. One wants to limit west-

ern style accountancy principles to joint ventures, the other wants the system extended to all Soviet enterprises to hasten full cost

Third, an infrastructure of professional training and basiness sarvices will have to develop before there could be independent auditing, and

without independent auditing it will be difficult to introduce

or laint stock companies.

cially sanctioned.

ten into the initial agree

Labyrinthine system in need of rethink

attempting to decipher a Soviet balance sheet.

Like so much else in the economy, accountancy has Leninist foundations. Yet if the economic reforms are to be successful, Soviet accounting will have to be transformed. The principles of Soviet

accounting have to be laid down by the planned economy. Profit has been less important than fulfilment of the plan's quantitative targets. Soviet enterprise accountants mainly satisfy ministries' demands for ing the return on investment. An accounting system

designed to provide quantita-tive information, for central-ised planning, has to become a system capable of providing financial information, for decentralised decisions based on profitability.

What are the problems for-eign investors will face with

Soviet accounts and what are the prospects for accounting

The core of the profit and loss account of a Soviet enterprise will be sales, defined as cash received, against which are set a group of funds which

When Soviet man of profit they usually mean "gross profit", that is cash received less salaries (the wages fund), the cost of materials and depreciation. This "gross profit" often sounds. impressive but it is a long way

from the final figure. Bank interest, which is neglinatural disasters and fines and penalties for breach of contract then have to be subtracted. The contributions to the reserve fund, which is designed to prevent an enterprise going bust, have to be subtracted as well as contributions to the investment fund. This yields a pre-tax profit.

The Soviet corporate taxation system is bewildering. Norms for tax rates in differ branches of industry are set centrally but rates for enter-

prises appear to vary wildly according to profitability. The post-tax profit is then consumed by further funds such as the pay bonus fund, the social fund, the workers the social fund, the workers cousing fund and so on.

There are several aspects of the capital caployed, increasing in steps of two percentage points. (While capital is taxed in this way, housing fund and so on.

Soviet managers complain they have only limited freedom to transfer money between funds. If the electricity fund is underspent it is difficult to boost another fund for materials. Thus millions of unused roubles are sloshing around in enterprise accounts forming a large share of repressed infla-

Some of the funds, such as the reserve fund which is worth 25 per cent of authorised capital and the investment fund, are obligatory, although joint ventures may this year be ers such as the post-tax social welfare fund are discretionary. The more post-tax funds an enterprise has the lower the itial dividend for a foreign

foint venture partner. According to Mr Richard Lewis of Ernst and Young the accountants, one of a small band of people who understand

If YOU find western accounts difficult to read, you had better draw a long breath before attempting to decipher a Soviet the average profit and loss the details of both Soviet and account which will present western accounts, stocks are problems for foreign comparation of the details of both Soviet and accounts which will present western accounts, stocks are problems for foreign comparations of the details of both Soviet and accounts which will present western accounts, stocks are profit and loss the details of both Soviet and accounts which will present western accounts. duction including fixed costs and administration, rather than the direct costs of produc-

Depreciation is also tricky.

If the economic reforms are to be successful, Soviet accounting will have to be transformed

Depreciation in Soviet accounts is a purely bookkeeping stercise. What matters is amortisation according to name laid down by Gosplan in 1974, covering everything from buildings to computers. Amor-tisation of investment is not done by correcting the value of fixed assets but usually by a transfer of cash to the amorti-

tion continues to be paid to make up for the projected rise in the price of a replacement. According to Mr Lewis this also means that the average balance sheet becomes nearly impenetrable. As amortisation to be systematically overvalned Local enterprises will often put a high value on equipment foreign managers rould regard as next to worth-

Intangible assets, which have become controversial in the UK in the past year, pose their own problems in the Soviet Union. The Marxist labour theory of value, which says capital is the physical embodiment of past labour, found no place for intangible assets such as know-how. The category of intangible assets was only created in May 1988. Establishing the initial

equity base of an enterprise is also difficult according to Mr Lewis. This poses particular problems for joint ventures.

TAXATION OF CORPORATIONS

A pile them high policy

Raevaky, deputy minister of finance, the taxation of Soviet state enterprises can vary ... between 2 per cent and 96 per cent of income. The ideological explanation for the variation in enterprise taxation is the Soviet prejudice against both failure and success. More important, however, is the conflict between the individual enterprises and branch ministries. The ministries are determined to keep enterprises maintaining control over the money an enterprise earns. The trick is to pile one highly variable and discretionary tax upon

another. One such is the "special tax on capital assets" This tax is a substitute for interest and dividends in a western economy. The problem is that the rate of tax can vary between 0 per cent and 12 per cent of the value

land is not, with taxation of land a purely local matter.) Enterprises also pay Rbs500 per annum (2300 at the official exchange rate) for each production worker and Rheseo (2800) for each person employed in administration. One sim of this tax is to decrease the top-heavy administration of Soviet

administration of Soviet enterprises.

After payment of taxes on capital assets and on employees, profits of the enterprise are divided between the state budget, the branch ministry and the enterprise itself. Taxation of profits is farmed out by the Ministry of Finance. It decides what each ministry will pay to the central budget and the branch ministries then determine the rates of tax that will cover their obligation.

their obligation.
Officially those rates depo on the profitability of each enterprise; in practice, the ministries decide what each enterprise should keep and

Since enterprises that enjoy political influence can defe ministries, smaller enterpris-are often subject to a higher rate of tax than larger ones. Enterprises are also liable to a tax on transport, to a turnover tax, which varies for every product and enterprise, and to payments to the social insurance fund.

m the social insurance fund.

Not even depreciation belongs to the enterprise. A part goes to the relevant ministry and may be refunded at discretion. Not surprisingly, this concatenation of taxes gives inge power to branch ministries. Failure to introduce a simple, non-discretionary system of corporate taxation makes the idea of "self-financing" a joke. Such a reform is now under consideration by the Ministry of Finance, with a non-discretionary progressive

tax on profits as its aim.

However flawed, the new system can hardly fail to be

AGRICULTURE

Farmers' woes

IF ANY single sector is critical and sell land. However, the to the immediate success or failure of President Mikhall attacked by radical reformers. Gorbachev's perestroika, it must be agriculture.
Food shortages have been the most acute issue fuelling

public dissatisfaction, with widespread rationing of many basic commodities like meat and sugar. The huge food import bill, to pay for Soviet grain, meat and butter pur-chases, absorbs desperately needed hard currency income which might otherwise be used for consumer goods imports or industrial equipment.

Not only that. Agriculture is also the sector perhaps closest to Mr Gorbachev's heart. He made his name as a farming expert, first in his home region of Stavropol, then as the cen-tral committee secretary in charge back in Moscow. If any-body knows the problems, it is

therefore, that the Soviet leader chose his colleague Mr Yegor Ligachev as the man to sort it out. He has no background in agriculture, although he has a reputation as an efficient administrator. More important, he is ideolog cally poles apart from his

At the heart of Mr Gorbachev's attempts to overhaul the farm system is his vision that the peasant farmer must become "master of his own land". That immediately runs into the acutely sensitive ideological area of land tenure, on which Mr Ligachev is an open opponent of anything which

smacks of private property.

The result is that the poor benighted collective farm worker, still known as a peasant in the Russian language, has to face a whole conflicting set of political signals in deciding how to respond to the upheaval of economic change. At the same time the local rural bureaucracy, from the Communist Party officials to collective farm directors, have

no incentive to promote reforms which would eventu-ally put them out of their jobs. The Land Law approved by the Supreme Soviet at the end of February promises a multi-plicity of forms of land holding, including tenancies, lease-hold, co-operative land, and the children - but no right to buy

Mr Ligachev sings a very different tune, in style if not in substance. For him, any change in land-holding is secondary, and the key issues are pumping more money and investment into the farms and

the countryside, applying new technologies, building better storage facilities, and provid-ing more tractors and trucks. Meanwhile, Soviet agricul-ture continues to stagnate, with productivity for below with productivity far below international levels. In 1989, the only significant increase in output was in

sugar, up 11 per cent in response to the acute sugar shortage caused by Illicit brew-ing of alcohol. Meat produc-tion, at 12.9m tonnes, was up less than one per cent. The same was true of butter and cheese. As for canned prod-ucts, such as fruit and vegetables, their output actually fell

by 3 per cent. On the grain front the pic-ture was slightly more hopeful, although only because grain production appears to have sta-bilised at an improved level: with a harvest approaching 210m tonnes last year, produc-tion has topped 200m tonnes for three of the past four years, ending years of wild functua-

tion in output.
However, the harvest is still far below the plan target of 240m tonnes. In spite of the sorry record, the State Planning Committee has decreed

that grain output will rise no less than 16 per cent this year.
Many believe these targets are
hopelessly optimistic.
Critics see the whole direction of agricultural planning as

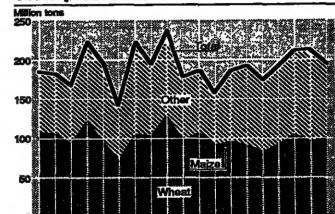
another manifestation of deep-seated bureaucratic resistance to any real farm reform. Mr Gorbachev has now brought in a real agricultural expert into the central committee, in the shape of Mr Yegor Stroyev, now a full secretary. He rejects the wholesale destruction of the collective farm system: the 13,000 loss-makers should not be closed, but transformed into co-opera tives and leasehold tenure, he

XVII

reform is now essential, not least because the return on grain production, for example, is less than half the return on grain-fed livestock. The result has been a sharp drop in sales of grain to the state, to the lowest level for 15 years, caus-ing havoc to the bread and

asta producers. Yet at the end of the day, the reformers say, no piecemeal change will have any signifi-cant effect until radical property reform, with the open introduction of private prop-erty, is allowed. Which all comes back to the key ideological question, on which Mr Gorbachev and Mr Ligachev appear to be hopelessly

Grain production



1970 72 74 76 78 80 82 84

FINANCIAL TIMES CONFERENCES

Charts 182

PIT FINANCE INVESTMENT & TRADE **OVIET UNION** 30 & 31 May 1990, Moscow

The drastic political and economic changes affecting the Soviet Union open new opportunities to Western business as a more market based economy develops.

This important and topical conference offers a rare opportunity to listen to, debate and meet leading Soviet figures from Government, the Party, industry and finance. The sponsors see their role as providing information, assessing trends and arranging the occasion for contact-making of the kind that is helpful to strategy formulation and the development of business. The agenda gives equal stress to politics, economics, trade and finance.

Dr Aleksandr Yakovlev, Member of the Politburo is to be the principal speaker from the USSR and the other Soviet contributors include Dr Leonid Ivanovich Abalkin, Mr Viktor V Gerashchenko, Dr Oleg Bogomolov and Mr Vladimir Arutunian. From the OECD countries contributors include Mr Stephen Bechtel, Dr W F Duisenberg, Dr Axel Lehbahn, Dr Klaus Liesen, Mr Richard Webb and Mr Otto Wolff von Amerongen

Accommodation has been arranged for the period of the conference at the Hotel Mezhdunarodnaya. Barry Martin Travel will arrange travel and visa requirements. Early registration is recommended.

Sponsored by:

FINANCIAL TIMES

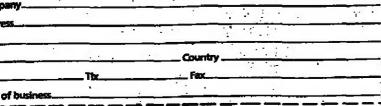
THE ROYAL INSTITUTE OF INTERNATIONAL AFFAIRS

THE INSTITUTE OF WORLD ECONOMY AND

INTERNATIONAL RELATIONS OF THE USSR (IMEMO)

To : Financial Times Conference Organisation , Finance Invest Soviet Union 126 Jermyn Street, London SWTY 4UJ Tel: 01-925 2323 The 27347 FTCONF G Face 01-925 2125

FINANCE INVESTMENT & TRADE SOVIET UNION





INSTITUTE OF

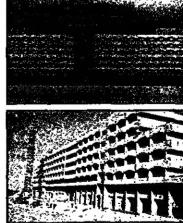


WE ARE THE TURKISH PIONEERS

BAYTUR Construction and Contracting Co. is the first Turkish contracting company in the Soviet Union.



HEALTH CARE/HOTEL COMPLEXES PITSUNDA/MAKHACHKALA



BAYTUR Co., Is one of Turkey's leading construction and contracting firms. The company also operates in the Middle East and Northern Africa and accounts for a 1/15 share of the US \$ 15 billion worth of international Turkish construction undertakings.

BAYTUR Co., is a diversified high-technology construction and engineering organization whose resources and abilities enable it to undertake a wide spectrum of large size contracts, including:

- Housing projects • industrial projects
- Irrigation projects

HEAD OFFICE

CONSTRUCTION &

CONTRACTING CO

z(1) 132 33 00

BAYTUR

- Infrastructure works Airport substructures
- . BAYTUR Co., is a member of Culturous Group of Companies which ranks among the major holding companies in Turkey.

(21) 37301 -20433 poytur ly

RAYRE

CONSTRUCTION AND CONTRACTING CO. ść Misson Staget P.O. Box 3144 lógos - LIBYA (21) 40125-(21) 31253

CONSTRUCTION CONTRACTING CO.

EXPORT INC. Phone: (212) 75 39 730

Treatment plants

Highway and bridges

High-rise buildings

Sea structures

Water and sewerage networks

EQUIPMENT AND PARTS CONSORTIUM rai Babi 926/39/ 17769470 - **7762343** 1776 23 46 1212719 caboy at





Steven Butler on the energy sector

The end of largesse

EVER since Lenin's famous dictum that communism equalled soviets plus electricity, energy has assumed an exaggerated role in the Soviet

It is only now that Soviet economists, and indeed an important segment of the politically aware Soviet public, is seriously questioning the role of Soviet energy production, consumption and exports.

In the past 15 years, the Soviet energy industry has absorbed an amazing 70 per cent of the total growth in industrial investment, according to Mr Thane Gustafson, a consultant for Cambridge Energy Research Associates. As a result of this extraordi-nary effort, repeated predic-tions that Soviet oil production, in particular, had peaked have proved premature, some-times wildly so. The industry has proved able to overcome repeated problems thrown at it by pouring more resources into the problem.

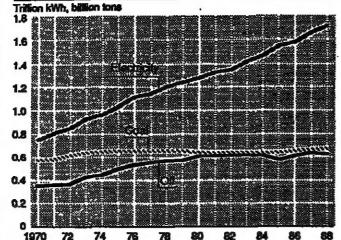
The Soviet Union is now the largest producer of oil in the world, at about 12.1m barrels a day last year, and the second largest exporter, after Saudi Arabia, at 3.9m b/d. Oil and gas exports account for more than 60 per cent of Soviet hard cur-

rency earnings.
At the same time, according to Mr Gustafson, the efficiency of Soviet energy consumption has actually declined as a ratio to gross domestic product, unlike virtually every other industrial economy.

One need only spend a win-ter day boiling in a Soviet apartment house, where there are no thermostats anywhere, to understand the vast potential scope for energy savings, although this would be unlikely to succeed without big price reform that would lift the st of energy to more realistic

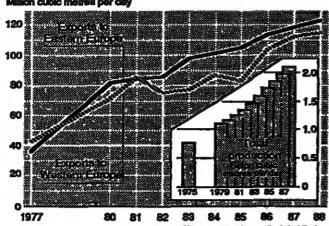
In any case, the era of lar-gesse which drove the enor-mous expansion of Soviet energy production appears to be reaching an end. Soviet economists and officials dismiss the idea that the industry is in crisis or that any immediate large drop in output will be seen, in spite of last year's fall in oil production from 624m

tonnes to 607m tonnes.
"I don't think we are diminishing our volume of produc-tion," says Mr Lev Karpov, head of the economic depart-ment at the Institute of USA and Canada Studies. "This is the same as the old CIA fore-casts," which wrongly pre-dicted the Soviet Union would be an oil importer by 1985. "If we reduce oil produc**Energy production**



Natural gas trade

Mision cubic metres per day



tion," says Mr Gennadi Alpa-tov, head of the oil and gas division of the State Planning Commission for the Tyumen region, "it will be the result of planned investment decisions."

Mr Alpatov says this has not yet occured for the Tyumen region in western Siberia, which produces the majority of Soviet oil output. However, this year's freeze in investment in the region at 1989 levels implies a gradual decline in output because of the rising cost of bringing new fields

Moreover the sharpness of the energy policy debate along with rising pressure on the industry indicates that some industry indicates that some fundamental change is inevitable. The idea that wholesale export of raw materials, such as oil and gas, is backward and undesirable has gained widespread currency in the Soviet Union.

This is, to a large extent, a

naive view, containing ele-ments of fear about stripping future generations of a vital

Given the political climate however, there is a real possi-bility that parliament will force a limit on oil and gas exports long before Soviet manufactured goods can com-

that exporting resources puts the Soviet Union in a semi-co-

pete in export markets.

A more sophisticated, and persuasive, form of the argument is put forth by economists such as Professor Alexander Arbatov, vice-chairman of the committee for productive forces and natural es at the Soviet Acad-

emy of Sciences.

He calculates that the marginal cost of increesing Soviet oil output has risen sharply since 1985, and will climb by up to five times in the next decade. Although true cost cal-

culations are impossible in the Soviet economy because prices are arbitrary, the idea that previous failure to include necessary infrastructural costs has meant the oil industry is a far higger drain on the economy than anyone has suspected is gaining currency.

Professor Arbatov believes i would be appropriate to allow oil production to decline to a range of between 560m and 580m tonnes. "In the 1990s," he says, "some decrease in production will continue no matter how much we invest." This would affect exports and hardcurrency earnings, although in the king run he believes the Soviet Union could more effectively concentrate on other export areas.

As a corollary to this, how-ever, he believes that much western technology imports could be cut because they often cannot be effectively used, and that there is vast scope for energy conservation. This he admits, however, depends on a much broader reform in the economy at large that soes far economy at large that goes far beyond energy policy.

Indeed, Professor Arbatov has argued that excessive investment in energy-intensive producer goods and raw materials sectors has led to wasted industrial production amounting to 25 per cent of GNP, while others have argued that the scope for energy savings could be as much as one-third

These are stuming figures. Yet the alternative to consen vation is to allow future energy investments to take up an even larger portion of industrial investment, since energy consumption has grown faster than economic output. This would effectively neuter the programme to restructure the economy and produce more consumer goods.

The pressures on energy sup-ly are also not confined to the il sector. This year Armenia as experienced severe power shortages because of the clo-sure of nuclear plants follow-ing the earthquaks. Indeed the entire nuclear programme is in jeopardy, as reactors that are planned or under construction have been scrapped.

Between gas, coal, and water esources, there is certainly no shortage of primary energy sources in the country. Yet the costs and environmental diffi-culties posed by expansion on the scale required to maintain the current industrial structure is more than enough to convince many Soviet econo-mists that it is simply not MR OLEG Sarukhanov, deputy mayor of Surgut, slapped his telescopic pointer against a large relief map of the city mounted on the wall.

"Mr Butler, until now this map has been classified. You are the first foreigner ever to see it," he said, gesturing with his hands."

I hastily suppressed a guffaw when it dawned on me that the deputy mayor was not joking. His opening gambit was instead the first step in an elaborate presentation aimed at impressing on me the attractions of investing in Surgut.
After all, is not the Financial
Times a vehicle to broadcast
just such a message?

Surgut is a new Siberian city, an oil town with a huge gas-fired thermal power com-plex. Settlers first came to this spot on the banks of the River Ob nearly 400 years ago, but Surgut became a city only 25 years ago. A population of 100,000 in 1977 has soared to 256,000 today, and plans are afoot to accommodate 500,000

people by 2000.

This population, Mr Sara-khanov says, will be buoyed by a joint venture petrochemical complex planned for the outskirts of the city. He wants to find foreign investors to help build a hotel and an international airport at Surgut, on the theory that cargo aircraft fly-ing from Tokyo to London can

accommodate heavier loads by stopping to refuel at Surgut Hype aside, Surgut lies in the midst of one of the most productive and prospective oil provinces in the world. West-ern Siberia produces more than 60 per cent of the Soviet Union's oil output of 607m tonnes, and Surgutneftegas (Surgut Oil and Gaz) produces 50m tonnes, about 1m barrels a

A map of the area shows a concentration of oil and gas reservoirs in the immediate vicinity of Surgut, becoming more sparse as the distance from the city increases. Soviet geologists believe this repregeologists believe this represents principally the greater intensity of exploration efforts near Surgut. The 3.5m berrel Feodorovsk field lies on the outskirts of the city and is currently in a declining phase with production aided by gas lift and water injection.

Engineers are now making

Engineers are now making plans to develop the Tianov-skoje field, 300km north of the city with preliminary recoverable reserve estimates of able reserve estimates of nearly 1.5m barrels. "This is a huge territory and our grand-children will still have some place to work," says Mr Niko-lai Medvedev, deputy general director for geology at Surgut-refrences.

Oilfield development in the area has been an important technological achievement because of the severe cold in winter and the swampy condi-tions that require fields to be built on artificial islands. West-



SURGUT

A message for foreign investors

ern oil companies believe the industry is extremely inefficient compared with industry standard practices in the West, and that western technology and mangement practices could produce more oil and reduce costs by a large factor. They may soon have a chance to prove this should joint venture oil projects cur-rently under discussion with the Ministry of Geology suc-ceed. In the meantime, the off industry is adjusting to a new era of perestrolka, in which

given more autonomy under the "self-financing" principle. In spite of some cries of alarm as change swept through the industry last year, Mr Gen-nadi Alpatov, head of the oil and gas division of the State Planning Commission for the Tyumen region, denies the industry is in any crisis. He says investment funds are stasays investment funds are sta-ble and that output is to be Like other enterprises

throughout the Soviet Union, Surguineflegas is using its new

keeping the workforce happy The enterprise, which employs 30,000, now receives 5 per cent of its income from oil sales in

hard currency.

Mr Nikolai Spirin, manager of the Feodorovsk field gas lift production plants, is also the man with the happy chore of the company of the co disposing of some of this money. Mr Spirin has \$3m with which he intends to buy video equipment to sell in roubles to

the workforce. Mr Sarukhanov claims that the housing and supply situation in Surgut has improved in recent years. And the city has been busy building hospitals, schools and recreation facili-ties. Primitive living conditions have been a constant problem in the oil regions of Siberia. Pay levels at more than twice the average wages in central Russia make little difference if there is nothing to buy and nowhere to live. This has led to high staff turnover. Certainly all of these prob-

lems have not been resolved.
At a meeting of ministers held in Surgut in February It was decided to allow Surgut to market directly 1m tonnes of oil this year. With this oil, Surgut will attempt to solve its meat supply problem. Precisely how this will be accomplished had not been decided, but most likely Surgut will export the oil for hard currency and proceed from there. Local officials blame a worsening of the meat

blame a worsening of the mean supply situation on the moves towards independence by the Baltic republics.

Indeed, in full knowledge of the value that local oil and gas production holds for the state, and its lowly price in the Soviet economic system, throughout Siberia there is a powerful political call for price powerful political call for price reform coupled with fiscal decentralisation that would give local authorities control

apres to 8

Mr Sarukhanov complains that even with the current low prices for crude all and electricity, Surgut only gets back in spending allocations some 50 per cent of what it remits to the central government. Given oil's critical role as the princi-pal earner of foreign currency, this call is likely to be resisted

Steven Butte

PETROCHEMICALS INDUSTRY

Year of big setbacks

THE PAST year has seen a ... vest scaling back of expecta-tions in the Soviet petrochemi-cals industry, in which a series of huge joint venture projects have been cancelled or post-

poned.

The shelving of projects at Uvat, Nizhnevartovsk, Novyl and Urengoi, site of the gigan-tic natural gas field, was the \$5bn polypropylene and polyethylene project in Tenghiz was postponed indefi-nitely at the year end.

The projects were to help reduce Soviet dependence on imported chemicals, presently totalling about \$4bn a year, and were consistent with current ideas about processing raw materials at home. However, there has been concern about how the projects would

be paid for.
There were also worries about the environment and over whether the plans were consistent with a broad shift in investment priorities to con-

to Cahners to help

More People with More Skills

bor and must

Western involvement in the projects is critical because the Soviets lack the technology that would be needed to cope with pressure brought by its budding environmental move-

This pressure is a real con-cern on the minds of Soviet

in the past year a series of huge joint venture projects have been cancelled or postponed

officials and could have a big-impact on future plans.

The only joint venture proj-ect which has definitely sur-vived is in Tobolsk, western Siberia. Contracts for the proj-ect, which will be 15 per cent owned by western partners, were signed at the end of November between Tobolsk Petrochemical, under the Min-istry of Chemical and Oil istry of Chemical and Oil

hustion Engineering of the US and Neste of Finland. McDermott, of the US, had been involved in negotiations

Refining Industry, and Com

throughout the project but dropped out in the end. Mitsuis and Mitsubishi are understood to have taken taken interests. The Japanese government would certainly frown on large

such a project, because of Tokyo's outstanding territorial dispute with Moscow. The first phase of the Tobolsk project is to cost \$2m and is scheduled for completion in 1993. Combustion Engineering will mange the project, while Neste will handle marketing of the products world-wide in order to satisfy hard currency obligations. Products

will include propylene and thermoplastic elastomers. A second western Siberian project at Surgut is still at the study and discussion stage, but at least has not been cancelled. Local authorities in Surgut are anxious still to attract more

سر علا تنا

20 74 6 1

The state of the To the same

Complete Contract Contract

ع در ۱۰۰ عول

and the last of the last

Library Same of 1887.

الإيجاء لتعالمة وحميتستر

A 1 SAME A . WAR. Note that the

د فلمند د مورو و مارود مورد مدرود

سفا فلنتحتها التيرا

And the second s

-

The Beat lake

4. 33.

The France

The same of the same

A.C. Section 30: 54

Section States

A STATE OF THE PARTY OF THE PAR

Section with

OF THE STATE OF TH

200

100

F. W. 4

1. 3. C. 2.

* 500

2 4 ...

partners to the project to ensure its viability. Neste said it was interested In participating and Combus-tion. Engineering is also thought to be involved, but

final negotiations for a con-tract have not yet begun. The Tobolsk project will result in expansion of an exist-ing petrochemicals plant, but Surgut is a greenfield site, with a processing capacity of 3m tonnes a year, to be onstream in 1996, and a second phase of similar size, costing Rbs5.6bn

by 2000. The Surgut project is aimed at using some 15bn cu m a year of casinghead gas produced in the big oilfields in the area which is currently burned off at the wellhead for lack of a market.

In that sense, the location of the plant makes a good deal of sense. However, planners have had to contend with increasing

concerns about environmental impact in an area that has already been chewed up by the oil industry.

The planned site for the plant has already been moved

further to the west of the city, and it remains to be seen whether even there it will receive final approval.

Steven Butter

RUSSIAN EXPRESS LTD Translation Project Support Consultancy

With TimeLok® barcode tracking shipment

Cahners Magazine Division now has over 2,000

More Magazines in More Important

employees. They include many of the most talented

With more than 60 magazines you can now look

MECHANICA • 15 costs when designing manufactured products. More reactical information concerning the optimum design of a nimise the cost of manufacture. You'll discover ways to

The people you need to meet the challenge

Tel: 01-878 7507

Fax: 01-878 8778

Slxty years manufacturing Soviet wrist watches under the well-known

POLJOT trademark



100147, Moscow,

MBA/Russian MA Pluent Russian, Spanish,

French, good Italian. A-level German. Seeks position in business area where skills can be used. Will travel/move. Knowledge of Soviets JV's. Send proposals to Box T6784. Financial Times, One Southwark Bridge, London SE1 9HL

COUDERT BROTHERS INTERNATIONAL ATTORNEYS

c/o Ipatco Brt S.A. Petrovka 15, 2nd Floor. Moscow, USSR Telephone: 928-78-38 Telecopy: 200-02-68 Telex: 413310

Providing legal representation for international business interests in the USSR since February 1988

New York Washington, D.C. Los Angeles San Francisco San Jose

Paris Brussels São Paulo Sydney

Tokyo Hong Kong Singapore Beljing Shenghai

Russkoye Video

The first independent Soviet TV, cinema and video film corporation FILMS Among our recent productions:

A TV documentary on the life of the classic Russian poet Boris Pasternak (co-producer "Antilope films", London). "Nine Days in Leningrad" (co-producer "Windmillane", Dublin). "Letters from far away" - a TV documentary on Soviet involvement in

Afghanistan (co-producer "Passport", Paris). Film series on Russian culture: museums and architecture, church,

ballet, rock music groups. Currently in production:

VIDEOS

A feature film about the Afghan war, starring Micele Placido (co-producer "De Clemi Cinematografica", Italy). for public relations and advertising campaigns made by highly professional Soviet producers.

A new TV station in the first free Soviet economic zone, broadcasting from Vyborg to about 7 million viewers in the Baltic

We are now looking for a foreign partner to start a TV channel in Leningrad for broadcasting to the European region of the USSR.

RUSSKOYE VIDEO: 22, Krestovsky Prospekt, Leningrad, 197042, USSR. Telephone: 230,73.41, 230,78.26, Fax: 230,78.26, Telex: 121,357 LRVID SU.

The Essential Guide to Direct Trading with the USSR

THREE INFORMATION SOURCES IN ONE DIRECTORY:

Over 1,300 specific export opportunities to sell direct to

The definitive buyer's guide to the Soviet Union with information on over 2,500 products and services available

 An indispensible source of corporate information on 1,500 Soviet enterprises ready to trade with the West.

Realistically priced, 'Trading Partners USSR' aims to help you establish a first and vital foothold in one of the world's most exciting new markets. If you would like to receive further information either mail us your business card, quoting FT/3 on the reverse or send us a fax.

> TRADING **PARTNERS**

Sovinform Ltd., Publishing Division, PO Box 107, Abingdon, Oxon. OX14 1FA, UK Fax: (0235) 553280

WANT TO MASTER RUSSIAN?

The Joint Research and Training Centre of the Soviet-French-Italian "INTERQUADRO" Venture employs the most efficient TOTAL IMMERSION method for

secting Russian to foreigners.
In fact, our method is that of DOUBLE TOTAL in fact, our method is that of DOUBLE TOTAL IMMERSION, as first, you come to our Centre in Moscow and are immersed into a genuine Russian environment. Next you plunge into a classroom environment of intensive training under the guidance of our highly qualified teachers who have the extensive teaching and research experience of the Pushkin Russian Language institute and the Friendship University in Moscow.

We can be of help to you if you come to the USSR on a business trip; are participating in a symposium/conference/congress; reside in Moscow permanently/temporarity; or just wish to see Soviet life from the inside. To suit your needs the duration of training varies. from a week to two years.

Our terms are extremely favourable; individual teaching is 10 US dollars per hour; a group of 8 to 10 is \$6.00 to \$8.00 per hour per person. Boarding costs are approximately \$15.00 a day per person.

For details, please write/phone/lax: USSR 125130 Moscow, 2nd Novopodmoekovnyi per. 4 Telephone: 434-53-22 Telefac: 943-00-59

XIX

Poor transport stalls industry's progress

Soviet oil industry, which last year saw output decline from a peak sustained for two years at 624m tonnes to 605m tonnes. The industry fell victim to The industry fell victim to many of the broader like facing the Soviet economy, in particular transportation breakdowns, both on the railroads and in the air. This affected the supply of oilfield equipment and the shipping of oil products.

The giant refinery at Omsk, for example, was forced to shot down when its storage tanks filled up following troubles on the rails and this would have affected the oil fields which supply it. The industry is also facing a continuing uphill struggle just to maintain production as older fields decline.
This requires rising investment just to stay in place.
However, these difficulties need to be kept in perspective.

The pattern of Soviet exports is certain to change as trade among Comecon countries moves to a

Any industry operating at capacity is bound to face tem-

porary difficulties - UK oil

hard currency basis production last year fell by more than 25 per cent, com-pared with about 25 per cent for the Soviet Union. Domestic consumption as well as exports absorbed the decline, in about

absorbed the decline, in about equal proportion.
However, Soviet ed officials deny that any hig cuts in exports will take place this year, as is widely expected in the West, and say they expect exports to stay in the range of 170m-180m tounes. In the first months of the year oil delivers have been cut to most eastern European countries.

eastern European countries. Soviet officials say the cuts result from railroad congestion and will be made up for with extra deliveries later in the year. There is none the less a suspicion among some chaerv-ers that the Soviets are in reality diverting exports to the West to increase hard currency

year, the pattern of Soviet trade among Comecon countries moves to a hard currency basis. It is unclear whether

tries moves to a hard currency basis, it is unclear whether this will tesult in a larger net market for Opec or other crudes, as some predict.

It could cause a larger proportion of Soviet oil to find its way to the West. Scope for conservation in all these economies is vast, and the volume of oil available for export depends both on the speed of economic growth and the speed with which the Soviet Union substitutes gas for oil burning.

The actual performance of the industry may prove more difficult to predict than in past years because of decentralisation to the producing enterprises. They have now been given rights to dispose of part of their production, and Soyuzhefteerfort, the oil export concern, now handles exports for these companies on a fee-for-service basis. And, of course, output would decline if investment is kept level or cut, as is under consideration. under consideration.

Western oil companies may eventually become a source of eventually become a source of significant investment in the Soviet oil industry. While vir-mally every large western oil company is in discussions with the Soviets over exploration and production joint ventures, a good deal of hard negotia-tions lie shead before any of these deals are consumated.

The Soviet Union offers some of the most attractive under-explored acreage in the world, and western technology world, and western technology could give a badly needed boost to the industry. The potential means that no large oil company can afford to stay away, but none will want to plunge in with hig capital commitments until the many political and other uncertainties are cleared away.

cleared away.

Restructuring of the industry last year produced com-plaints from some senior offi-cials that oil production was in disarray. However, these com-plaints now appear to have been premature. In the medium term the industry is bound to be affected by the tur-moli in Azerbaika, where 60 per cent of the oilfield equip-ment industry is located. Offi-

per cent of the dimensi equipment industry is located. Officials say this will slow the
development of new fields,
although the Ministry of Offand Gas is transferring production of some of the equipment
industry to former military facturies in central Russia, which
should eventually make up for
the sh

The industry fell victim to many of the breader ills facing the economy, in particular transportation breakdowns

advantage of rapidly growing demand for gas in Europe, although they are aware of the trend to use more gas in power generation. This could come as a shock to western Europe, where many analysts believe fresh supplies will have to be made by the middle of the next decade. The time needed for new gas projects to materialish makes it middlely the Soviets will be the source of this new

supply.

The move to hard currency trade among Comecon countries looks almost certain eventually to reduce the Soviet Union's share of sales to each cum Europe, since those countries are not locked into long-term contracts. Some countries have begun negotiations with Algeria for imposts on a countertraffé basis.

THE SOVIET Union is in the throes of an ecological crisis, compared with which most other global pollution problems pale into insignificance.

Virtually wherever you go in

مكنامن الأصل

SOVIET UNION 19

virtually wherever you go in the country, evidence of environmental catastrophe is giaring. From the gleaning white saids of Riga Strand on the Baltic Sea, where bathing is banned because of chemical banned because of chemical waste and raw sewage, to the lower reaches of the Volga river, white the sturgeon are floating belly-up in shoals before they can spawn their precious caviar, the contamination affects every form of life. The lungs Aral Sea, once the world's fourth largest inland water, has effectively ceased to exist. It is now two shrunken, salt-poisoned pools in the desert, thanks to the effects of manifer achieves.

tion schemes.

The last fish died around ties, local officials say. Child mortality around its shores is at high at one in 10 because of policied drinking water from inschingland use of pesticides on the region's mono-culture ention man.

report from the Supreme Seviet last November, its res-cue is "virtually beyond the control of man." If rescue is possible, if could easily cost Rhadobn, Soviet ecologists

In the republic of Belorussia one quarter of all the arable land has been destroyed by the fall-out from the Chernobyl

fall-out from the Chernobyl disester — contiminated with Casalum 137, which will last for diseases to come.

Even in Siberia, where man is only an occasional visitor, the extent of the destruction is already harrifying. The oil and gas industries have laid waste some on hectares of the fragile Yantal peninsula, taking with it most of the survival hopes of the indigenous population. In another example, an estimated 770 aq m of forest around the nickel works at Monchegorsk, in the remote Kola peninsula, lave been destroyed by sulphir emissions.

The ecological crisis is not

phur emissions.

The ecological chiefs is not cally wreaking a terrifile environmental and health foll the Soviet population. It represents arguably one of the higgest political challenges to the ruling Communist Party. It amounts to a crippling economic burden on an economy already in dire straits. And almost certainly it represents almost certainly it represents an international calamity which will require a global

"The most serious problem is in fact the economic system," says academician Mr Alexel



ENVIRONMENT

Rescuing the poisoned earth

make his own government aware of the crisis. That's the

Yablokov, the marine biologist whatever the price. Their alm who has fought for years to is not human happiness, but more production."

To stop the deterioration in main cause of our ecological and environmental disaster."

All the decision-making mind of the government. That is practically impossible. It

The ecological crisis is not only wreaking a terrible environmental and health toll on the Soviet population. It represents arguably one of the biggest political challenges to the ruling Communist Party

the government, the minis-tries, and the Communist Party, he said. "The central committee (of the party) decides what sort of factory is

built where "All the ministries are full of people with the old thinking -more and more production,

may be easier to change the

The popular reaction to years of arrogant government disregard for the environmental consequences of crash industrialisation and agricultural mega-projects has been to call a virtual halt to all new

investment schemes. Seven nuclear power stations have now been abandoned in midconstruction in the USSR post-Chernobyl - more than any-where else in Europe.

At least 100 factories have been stopped for ecological rea-sons, including the huge natu-ral gas processing plant in Astrakhan – the cause of the sturgeon kills on the Volga. The absence of any trusted

institution offering popular involvement in the planning process has meant a switch from ignoring local sensitivities, to subserviently following

developed rapidly across the country. Environmental issues have been second only to food shortages as an issue in the latest election campaign — causing the demise of a string causing the definise of a string of top regional party leaders in areas like Tyumen (the big oil-producing region of Siberia). A Green party already exists in each of the Baltic republics. Greens were founders of the nationalist movements in Estonia, Latvia and Lithuania. Mr Yahlokov believes it would rapidly pick up 4m-6m mem-bers across the country (the Communist Party has 20m, with all its monopoly of

power). Mr Nikolai Vorontsov, chairman of the State Environment Protection Committee, needs the Greens to fight the bureaucrats. He has the distinction of

crais. He has the distinction of being the only non-communist in the top ranks of the government, and a minister who had to be bullied and cajoled into accepting his position.

"We haven't had a case in our history where a minister has been sacked for polluting the environment," he says.

"There are plenty who have been dismissed for not fulfillbeen dismissed for not fulfill-ing the Plan. The Plan does not require them to use clean

He believes that the technocrats are still more powerful than the Greens, and agrees that the Plan itself has been "an environmental monster." A lifelong environmental cam-paigner, Mr Vorontsov says he regards "with horror" the full extent of the problems he has to deal with.

"I am responsible for one-sixth of the earth's surface, polluted and non-polluted." He stands in front of a huge map on his office wall, and spells out the greatest disester areas from the too:

m chronic overfishing in the Barents Sea:

Man-made pollution of the
Beltic Sea and Gulf of Finland,
to which all the Beltic state

m the radiation contamination

industrial pollution in the Eastern Ukraine, combining the worst effects of coal-mining and the whole complex of iron, steel, chemical and metallurgy industries;

e destruction of the Azov Sea, through salinity, overfishing, and industrial pollution; the death of the Black Sea, 70 per cent caused by pollution from the Danube, with a "dead water" layer at the bottom of the sea which is now only 70m from the surface; the loss of the Aral Sea;

massive industrial pollution around all the big cities of the ■ chemical and metallurgica pollution in the Kuzhes coal-field of Western Siberia; a destruction of the fragile

Arctic eco-systems in the Yamal peninsula and else-He could have mentioned

He could have mentioned easily a dozen more.

The Supreme Soviet, browbeaten not least by Mr Yablokov, approved last Decamber the first steps of an environmental action plan.

It includes a ban on state funding for projects without ecological clearance from Mr Vorontsov's committee, new

legislation for crisis areas, and increased fines for polluters. Yet the scale of the task truly daunting. On current trends, the situation will continue to deteriorate until 2000. To stabilise it in the next two to three years, and then begin to repair the damage, would cost between Rbs230bn and Rbs350bn, Mr Yablokov believes. He does not know

Perhaps even more of a challenge is the need for a com-plete change in psychology about the environment.

"Communist ideology puts
man at the centre of the uni-

"Everything is done for the sake of man. But we forgot the part of the biosphere. Its resources are limited. We must change that anthropocentric thinking for hiospheric think-ing. It needs a complete change in vision. It is a psychological switch comparable to the trauma of changing from Pto-lemy's view of the universe, to

Quentin Peel

SOJUZAGROCHIMEXPORT With Linear time to an hand the first the second NOW - A NEW SOURCE TO SUPPLY YOUR NEEDS Mineral Fertilizers Azophoska 23:22:18 and carbon dicade impurities for gas cleening from sulpitur

Ammophos NPK-12500 Ammonium nitrate Ammoniated calcium nitrate

Ammosphate NPK-4260 Borocupric fertilizer (CuO BeOd-LO + CaSOd2-NO) B = 5%, Cu = 17.5% Liquid fertilizer NP%-34:100 Liquid fertilizer 10:34:0 (with micro-elements) SI = 0.05% Mo = 0.05%

M0 = 0.05% Liquid Fertilizer NPK-11:37:0 Carbanide-modified by sodium humate ermonium phosphala NPK-23:30:0 Ordinary superphosphate, powdered and granulated Greenhouse fartilizer NIPK-20:16:10 Fertilizer modure 6:9:9

-

Carbanide Fine potassium chloride, lictation and granulated, KeO . 80% Granulated potassium chloride. K2O - 60% Potensium chloride, industrially deened, NaCl > 98%

Nitrophoska 11:10:10 Ammonium Nitromagn Ammonium sulphate Ordinary superphosphale, powdered and granulated GUMAT - carbon alkaline reagent for plant growth

for flue-gas cleaning from nitrogen oxides in the production of nitric acid for the protection of atmosphere from gase hydrocarbons for the catalysis of

low-temperature carbon oxide - for steam and steam-acidic conversion of hydrocarbon gases at 50 atm for the cleaning of nitrogen-hydrogen mbdure and hydrogen - containing gases of carbon monoxide and carbon dioxide

for fine cleaning of

compounds. for line cleaning of games from sulphur compounds for platinum trapping in facilities of thin nitric sold - basic supric carbonate - + halitum (commercial pure

calcium altiminates), CaO = 20% for fitte-gas cleaning for nitrogen codes in the production of nitric sold tor the protection of atmosphere from gaseaue hydrocarbons

Feed Additives
Feed diammontum phosphale
(NH-UshtsPO4)PxOs - 52%
Feed precipitant (dicalcium
phosphale) Feed monocalcium phosphilis Ga(16PO)-PrO-552%, GaO -

Plant Protection Chemicals Segra-80 acaricide Barkim carbonate = 975% Borlicks, 70% watting powder 4-cichiorphenoxyacetic acid amine salt Mesax insecticide Blue vitriol (copper sulphate, CuSO-XS(Hi/O)

Meteoron (2m-4x)-2-methyl-4-chlorphennov-acetic acide socium selt 80% Sulphur powder, wetting 70% Serocine wetting powder 30% Univistr-T seed direser Phthelophos, 20% emuision concentrate (CnHaOeP) Hexachlorbutadiene insecticide Oriok 30% seed-dressing paste Pure sodium cyanide

Minerale industrial aluminium sulphate, AL(SO) Bentonite for wire filtration Bentonite for food dressing Boracic ore 8:0: = 15% Glauconite - natural organic fertilizer and subsoil. Diatomic powder Karnite-potessium-magnetium mineral K₂O-9.5%, MgO-7.0%, S -8%

Sapropel-Buvial sitt for soft

improvement and dressing Sulphur in lumps

Ozocerite

Phosphorite mest, P.Os - 20% processing gas and full feed dreading gas and full finder

Chemical Raw Melistist Battery acid McGCi — \$2-94% Aluminium Suorida, Alfa Aluminium Suorida, Alfa Aluminium Ruoride, AFP
White black (ellica dicidit)
Fiigh-Bolling amines (for the
imitalition of monomes'
themo-polymerization)
Dipheryl property
Allyong benum-containing
additive for cement clinion production – 12% 2.4-dictionphenoxy-acetic acid:

19% Industrial distributions Dry-process of the phesiphotic actd, HuPO4 Methanial Grude policin (For iges and oil industry) industrial monoethylentine Discolum phosphale

dodecetydrate (Next #PC-121 bD) Recycled autohuric acid from monochlorantine B production, from fettilizer production and terming Alkyl autohete paste ef synthetic adiple alcohols for the

production of detergents Phosphorus pentasulphida Fuel olis (like dideal fuel : ethanol-5%, propianol-1.5%, methanol-9.5%) Superplasticizer for concrete Tricresyl phosphase CallerOdP Titalkyl-phenyl přiosphule, Cestle Osp

Sodium tripolyphosphate, NeuPvO: inclustrial pentacrythrol filtrate (as an additive to benzonites and morters in the production of building materials) Yellow phosphorus, P4-99.9% Industrial formaldehyde solution Ether-aldehyde fraction (ethanol-65%, diethyl alcohol-25%, aldehydee-10%) Hexachlorethane Dimethyl glycerine (Hydrochloride) for medical industry Liquid ammonia, Ni-ia

Industrial liquid socium

hydroxide Chlorobenzene 98%

Pure sodium cyanide

polymer Poyamide 6 (teprobati)
Capacitle rope gradie
Capacitle rope gradie
Anode paste for metalisity
Carabitle Rabibant for hot
sentions
Casabitle Rabibant for hot
sentions

and the gas desiring Dry colloid graphile preparations for graphile lubricants and Products

Light Mariken mountaineeting hook-loe drill length-180mm, diameter-18mm, weight-94g. Load resistance-180dig Electrode mass for phospheries furnaces (pellete) len-eschange helerogenous.

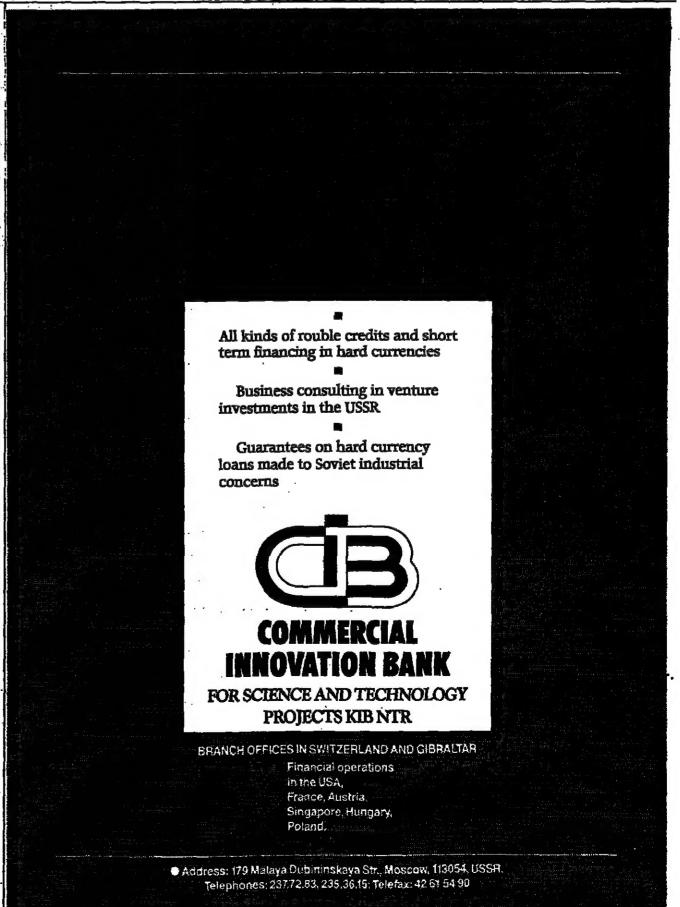
Distilled primary emines Berlum hydroddie Berlum sulphete for bertum-wething of paper Bellery bertum autolists X-ray bertum autolists Bertum cerbonises 97,5% Arfanonium billuoride fluoride

Titanium disulphide, inclustrial powder Cubamine-fustic waste in the production of Co-Go amines Magnesium sulphele (reagent) Sodium thiosiliphele photo (sodum hyposudhiste photo) Sodium nitrité, commércial

(sodium nitrate) — 99.5% Fluorealistic abdium — 98% commercial Socilum hitrite = 98.5-97.0% commercial Elementary sulphur for industrial potassium nitrate -99.9% Ammonia ammonium carbonate

20-21% Platinum-trapping aorbera Socium sulphide anhydride "ohoto" Photographic foor, "neutral" Calcium chloride dhydrate Bromic iron 55%

nitrogen-hydrogen mbdure and hydrogen-containing gases from carbon monorde Write, Phone, Telex or Fax for Quotations V/O Sojuzagrochimerport Ul. Gritsevetskaya, 2 119900 Moscow USSR Tel. (7-095) 202-51-58 Telex 411678 SAHE SU Telefax (7-095) 200-12-16





A mystery worthy of the screen

EVERY MORNING, Tolik awakes to the piercing sound of a recurring nightmare. In his dream, he pictures the age of perestroika. famous battleship, Aurora, turning listlessly on the water to aim its enormous cannon on the Winter Palace in a scene familiar to every Soviet viewer from the pseudo-documentaries of their childhood.

Tolik's Aurora is different. With no warning, it explodes in his skull, filling his mind with shrapnel and waking him

from his dream. He rises slowly, opening first one eye and fumbling with an ageing reel-to-reel tape-re-corder as he threads a tape to break the silence in his room. When he presses the button, no music comes out. Instead, it is the voice of a radio announcer informing listeners that "yesterday, after a short illness, Comrade Joseph Vissarionov-ich Stalin left this life."

Tolik dresses quietly and lisment of Stalin's death. It is a ritual, we learn later, which he

repeats every morning.
This is the opening scene of Sergei Soloyev's Black Rose, Red Rose (1990), a Soviet film

"WHEN families are happy they are alike. When families are unhappy they are unhappy after their own fashion." Mr Arthur Yerkamov, executive secretary of the board of the USSR Union of Film Makers quotes the opening lines of Anna Karenina to sum up the

state of his industry. Perestroika has not been accompanied by a flowering of Soviet film making. While society's political imagination is being unlocked, film has not unlocked its cultural horizons.

flood of documentary films focusing on previously closed areas of Soviet society, drugs, alcoholism, corruption in the Communist Party, the role of the mafia and prostitution.

Mr Yerkamov, an expert on early Soviet cinema says: "Revolution is a very difficult time for art. If you examine the October Revolution, good art only started to appear in the 1920s after the revolution was

Yet the confusion of revolutionary times is only one expla-nation for the lack of dyna-mism. The other is that phor for Soviet cinema in the

After a brilliant beginning. film makers have got bogged down in the themes of the past, unable to find their footing among the new-found freedoms of perestrolka. The result is an anomaly: now that censors have given film makers the right to say what they want, film makers are finding that in many ways they were more

something to fight.

Many people date the beginning of perestroika to the release of Tengiz Abuladze's Repentance (1967), a dark surre alist parody of the small-town dictator who resembles Stalin's

comfortable when they had

henchman, Lavrenti Beria. The humour is pointed and only loosely disguises the film's very serious purpose: an attempt to come to terms with pain and guilt left over from

Vassili Pikul's Little Vera (1988) drew huge crowds when rumour circulated that the film contained explicit sex (then a Soviet first). Many went home disappointed - unaware that

released last month but it the sexual offerings were mea-might as well serve as a meta-phor for Soviet cinema in the tally depressing. kov's Children of the Arbat – have come largely from works created in earlier times, when

Still, in spite of much audience disappointment, critics hailed Pikul's work as one of the best Soviet films of the past decade - a haunting vision of the senselessness of modern Soviet life.

In spite of its Soviet origin

Latvian Juris Podnigekes's Is It Easy To Be Young? (1987), a stirring documentary about the anger and alienation of youth, nains one of the finest documentaries about young peo-ple's problems made anywhere. These were good films but they appeared almost three years ago and perestroika has yet to top them. More recently, Soviet cinema has deteriorated into a hackneyed series of

cliches unable to hold the attention of their audience. Moscow critics have begun wondering out load why perestroika can generate such good iournalism and impassi polemics could create such

mediocre art. What sensations there have been - like the release of Abu-ladze's Repentance and the

artists were still repress had to fight for the right to make anything.

Perestroka, for some reason, has been unable to produce its own metaphors. Why this is the case remains a mystery, although many feel the reason may be that artists have got too caught up in the political process itself Certainly, many writers and film makers

proved they could grasp the essentials of perestroika faster than party functionaries. As a result, they were elected in droves to the new parliament, where they have given many fine speeches but not, alas, written many fine

Films, too, have often been thinly-disguised polemics, eager to show the director's sympathles, but lacking in the mane vision as the basis of all great art.



Charles Leadbeater on the cinema industry

Lack of dynamism

linism were deeply ingrained within the industry, from the way Goskino, the state film committee, selected films to the way directors conceived them. It will take a long time to rid the industry of them.

That is the goal of a far reaching restructuring plan drawn up by the union. Under the old system Goskino used to select which films to make, vet the screenplay, chose the actors, calculate the budget, appoint the crew and then oversee the film's eventual

The plan, which was called for by the 5th Congress of Film Makers in 1986, is a case study of the bureaucratic opposition to reform. After a lengthy struggle with Goskino, leading film makers met Mr Nikolai Ryzhkov, the Prime Minister, in May last year to present their plan in the presence of all the relevant ministers. The Prime Minister called for the final plan to be presented by the ministries a month later. Under the new system, which is being formally intro-

duced this year, the union will take responsibility for supervising the industry. Goskino is intended to take a subordinate role. All the USSR's 39 studios will be given freedom to chose which films they will make and who to employ on them.
One of the most important

aspects of the plan is to create a labour market for creative staff. Technical staff like engieers and administrators will be full time employees of the studios. But creative staff like camermen and actors who used to be full time employees of studios will in future be employed on contracts for the duration of the film's production. Their salaries will be linked to the film's profitabilAccording to the union, there is considerable scope for financial disaster in the industry. Mr Yerkamov says: "Some studios must go bankrupt." Indeed, some of the 10 separate studios created at Mosfilms are already technically bankrupt, according to the union.

This move towards self-fin-smeing among studies is only the first stage. Last month the union set up an association of independent co-operative film makers to act as an impovatory, competitive force.

Mr Ryzhkov is considering a union proposal that all studios should become co-operatives

by 1994, when the last rem-nants of the old system should e completely eliminated. But this transformation in production is unlikely to transform the industry unless there are complimentary moves

There have been tentative moves towards a freer distribution market. Last year the unions and the state commit-tee organised a series of film auctions at which distributors bid for new films. Prices ranged from Rbs12 per copy to more than Rbs12,000.

"We discovered for the first time that there were lots of films that no one really wanted to watch and which did not even cover the costs of their production," said Mr Yerka-

The auctions also uncovered another threat to plans for a more open market distributors had started organising them-selves into groups to act as

The union has identified another dilemma familiar to broadcasters and film makers in the West. Without having got anywhere near creating a free market it is already wor-ried by creeping commercialis-

To operate in the international market we have to make popular commercial films. But if we let commercialisation take over that will be the end of cinema, says Mr Yerkamov

BUSINESS GUIDE

Test of nerves

DOING business in Moscow reminds one of the 19th century recipe for game stew which starts with the sound advice: "First catch your hare . . .

In the case of the foreign husinessman who has decided to tackle the Soviet market, a similar approach is appropri-ate. It is a question of putting aside sophisticated marketing techniques and equipping yourself psychologically for solving some basic problems.

The key question is how to begin to set up meetings with Soviet foreign trade organisations, ministries and other possible future business partners. It is not such a stilly question as it sounds.

There are two main obsta-cles and it helps to be aware of them at the very outset first, central switchboard systems are unknown in the Soviet Union, so everyone has a separate telephone number. But if semeone is not at his or her desk for a day, or two or more, then the telephone will not be answered, as many employees do not seem to have secre-taries. Do not pin your hopes on a number which does not answer - look for alternative contact numbers in the same

organisation. Incidentally, the same is true of hotel rooms: you will have a direct phone number, whereas the hotel switchboard cannot be relied on to take messages or pass on calls (with the hon-ourable exception of the new-ly-renovated Savoy Hotel). So if you expect anyone to contact you during your stay, give them your direct number and be prepared for calls after

midnight. Second, there are no telephone directories as we know them. The closest you will come is an invaluable publication called *Information* Moscow, available at some Intourist desks, at Collets bookshop in London, at the Soviet-Swiss joint venture Sadko in Moscow or direct from the publisher.

The best way to save time and frustration is to find Russian speakers to set up appointments and meetings for you. Many of the international chambers of commerce based in Moscow provide such a service and can give very useful advice and contra

If you can, follow the exam-

ple of the more experienced international businessmen who base themselves at the World Trade Centre, the concrete complex built by Dr Armand Hammer on the banks of the Moscow River, diagonally opposite the Ukraine Hotel. my of the chambers of commerce, international airline offices and Vneshekonombank, the Soviet Bank for Foreign

Economic Relations, are there.

On the second level at the top of the escalators is the Service Bureau which will send your telexes and fax mes and make international calls. Thereby hangs another tale. Outgoing international calls from Moscow are charged at between three and five times the rate you would pay to call Moscow from the West from an automatic telephone. On regular Soviet phones you may have to wait six hours or more

for an operator-booked call.

The so-called dollarisation of the Soviet Union has gathered pace over the past year or so. Foreign visitors can find many more services than they used to, but almost all payable in foreign exchange. Even though visitors can now benefit from a much more favourable nge rate for their cash -10 times the official rate there is very little they can spend their roubles on Having such a favourable legal exchange rate reduces any residual temptation you may

feel to use the black market unwise at the best of times.
If you do find yourself with a surplus, then one possibility is to get your Soviet partner to book a table or hire a car on your behalf. Then it should be

ossible to pay in roubles. The choice of restaurants is improving all the time, although many now insist on not give in willingly — a com-promise is to pay for the food in roubles, and the drink in dollars. Try U Pirosmani for Georgian food, U Yuzefa, a Jewish co-operative, Kropot-kinskaya 36 - the first co-oper-ative case in Moscow - or Glazour, for an upmarket meal.

If none of those take your fancy, you can always queue at McDonalds in Pushkin Square. You can get a Big Mac in about Ubiquitous black Volga cars

can be hired in all the interna-

seven 'hard roubles' per hour. They are good value and an excellent way of reducing the stress of a busy schedule.

d clears

S. Cardina

se lension

, Maga

or reply

Kress strik on

7095 | 54V# the state of the state of

क्षा रक्तर ः

If you are not a Russian speaker it is wise always to check before a meeting whether your Soviet partners speak your language - the onus will invariably be on you to provide an interpreter. Book through your hotel in advance and expect to pay around 70 'hard roubles' a day, but do not hesitate to ask their help for making appointments, book-ings and enquiries!

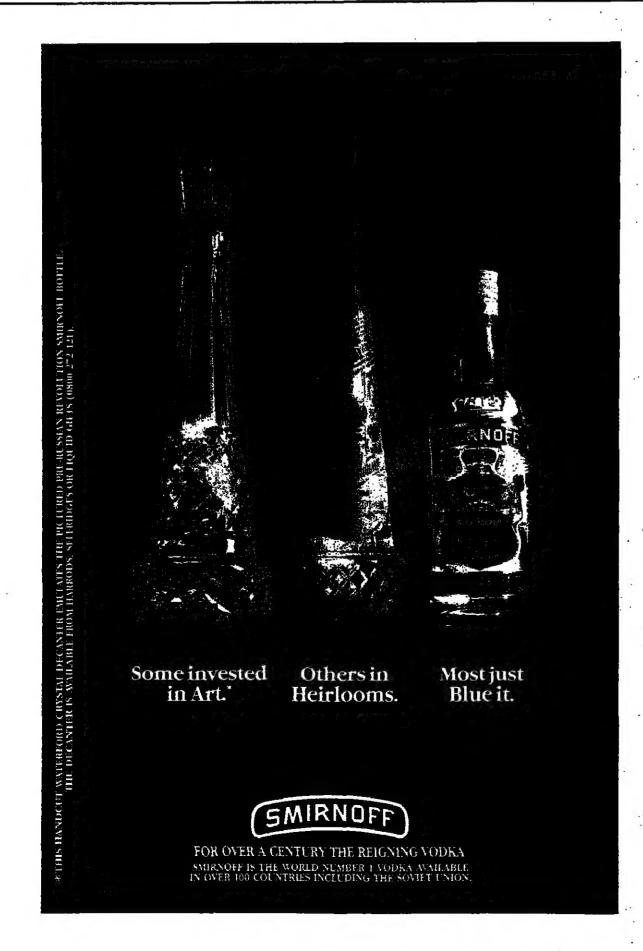
Of course the most important item is your visa, which officially now only takes 48 hours from receipt of the written invitation from your Soviet partner. Getting the invitation is what takes the time. How-ever, it is now possible for a businessman to come as a tour-ist in order to find a suitable

With the opsurge in interna-tional interest in perestroika, accommodation is at a premium in Moscow. Several new hotels are planned, but they will not be built until the rush is over. As a result, room prices for foreigners have soared, and you may have to pay at least \$200 for a room which anywhere else would

Hotel bookings can be made through a limited number of organisations: in London, organisations: in London, Intourist, Thomas Cook or Barry Martin Travel, a company which specialises in business travel to the USSR. If you still have no luck, then try Airtours, the only joint venture travel agent in Moscow, which can find rooms in hotels not normally open to foreigners. normally open to foreigners.

Travel within the country will have to be arranged through Intourist, not one of the world's great travel agents. Nor is Aeroflot, in spite of some recent efforts, one of the world's most accommodating

Useful telephone numbers: USSR Chamber of Commerce: British-Soviet Chamber of Commerce: 253 2554 Zhilcoop: 262-9330/975-3486 Airtours: 457-6678/6778





Eastern Europe is changing fast - so is business.

At the crossroads between East and West, with offices in Budapest and Prague and with over 50 years of expertise, market knowledge and contacts, Girozentrale Vienna is ideally placed to make trading in COMECON a little bit easier.

Whether you are breaking into new markets or expanding your existing business; be it exporting importing or joint ventures, talk to Peter Foltin in Vienna on 222-71194, to Martin Bernal in London on 01-929 2345 or to Frederic Sears in New York on 212-644 0681.

